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# ***JPRS Report***

## **Soviet Union**

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***USA: ECONOMICS,  
POLITICS, IDEOLOGY***

No 6, JUNE 1987

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## SOVIET UNION USA: ECONOMICS, POLITICS, IDEOLOGY

No 6, June 1987

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## TRADITIONS AND MYTHS ABOUT AMERICAN DEMOCRACY

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[Article by Yu.K. Abramov and V.M. Zubok]

[Text] The ideas of the overwhelming majority of Americans about government and government groups are influenced by a variety of factors.

They include the mythology of power dating back to the 18th and 19th centuries, particularly to the decades when the American bourgeois republic was being established, and especially to the constitutional convention of 1787, which lasted from 29 May to 17 September and drafted the U.S. Constitution that has lasted to this day. The standards and procedures worked out by the "Founding Fathers" also contributed to this process and later acquired the strength of national traditions. In addition, there were the later beliefs taken from works of political science and sociology and from bourgeois academic thinking, which were openly apologetic as a whole. Finally, there is the experience that has been accumulated continually by individuals and by whole social strata in the process of interaction with government groups.

Ideas about who governs America depend primarily and ultimately on the personal political experience of leaders and the masses. Changes in forms of social organization and each new phase in political development resulted in new experiences and, consequently, changed ideas about government. The influence of other factors, however, continued to play its part and sometimes acquired primary significance. This applies in particular to political habits, myths, and the stereotypes ingrained in the public mind. In the late 1870's and early 1880's, for example, public political sentiments were influenced perceptibly by nostalgia for the era of pre-monopolist capitalism.

The Soviet researchers who study the historical multiple layers of the American social consciousness have to consider the effects of these myths, traditions, and prejudices on the dynamics of political views in the United States.<sup>1</sup> They expose the attempts of the powers that be and their apologists to speculate on the political traditions of the people, direct public thinking into conformist channels, and limit debates on the nature of power to extra-historical discussions of pluralism and elitism.<sup>2</sup>

The last 10 or 15 years have shown that public ideas about liberal reformists and conservatives can serve as one of the factors determining the alignment of political forces.<sup>3</sup>

#### Sources of the Myth of Government by the People

The idea that there is no ruling stratum connected with any single class in the United States has become a permanent part of the American social consciousness, not to mention the prevailing ideology.<sup>4</sup> This reluctance to admit the obvious stems from the peculiarities of the American society's development in the 19th century.

This was a period of free and extraordinarily favorable conditions for small business, the interpenetration of classes, and the triumph of petty bourgeois tendencies. The mass expansion into the Wild West and the sale and then the distribution of land to millions of farmers served as the material prerequisites for the "sturm und drang" of capitalism. The virtual absence of the reactionary elements of the political superstructure that had been connected primarily with the military-bureaucratic system of absolutism in Europe also played an important role. On the contrary, the religious and communal forms of organization opposed to absolutism and the ready elements of the mechanism of bourgeois democracy were transplanted from the Old World into American soil. The centralization of government began with local organs of government and self-government--on their basis rather than to their detriment. The presence of a mass agent of capitalist development in the form of white Protestant merchants, craftsmen, and farmers precluded the need for a special structure of state capitalism for almost the entire 19th century. There were no serious politico-military or economic grounds for the formation of broad elitist government groups in the society.<sup>5</sup>

There was always underlying suspicion and mistrust in the attitude of the majority of Americans toward the idea of concentrating government powers in central agencies. To some extent, this is connected with the hostility the American colonists felt for the English authorities in the 18th century. Any attempt to regulate finances, taxes, debts, and the economic affairs of the country from Philadelphia and later from Washington evoked protests. During the later period of resettlement in the west and the brutal suppression of the native population, the central government could do little to help the white settlers, and this strengthened their belief in the uselessness of centralized public administration in their daily life.

This had to be taken into account by the political representatives of the bloc of bourgeois merchants and slaveholding plantation owners who had formed an alliance during the war for independence and the construction of the bourgeois democratic republic. It is true that initially, during the years when Federalists and National Republicans (G. Washington, J. Adams, T. Jefferson, and J. Madison) headed the government, centralizing aims served as a basis for the belief in the need for strict subordination and a hierarchy in governmental affairs and the belief in the right of the rich and privileged to lead the society.<sup>6</sup> Even in the first decades of the 19th century, however, the social and political foundations of these ideas were severely eroded, and

they were quite quickly relegated to the periphery of governmental thinking. During the years of "Jacksonian democracy" (1830's and 1840's), large groups of white Americans, small property owners wishing to become entrepreneurs, became involved in politics. They saw centralized public administration as arbitrary rule by "privileged cliques," especially the segments of the financial bourgeoisie that had already strengthened their position. President A. Jackson made use of this with great success when he, the "Father of the Country," opposed the Central Bank of Philadelphia and fought a fierce battle for the decentralization of banking in the United States.

The period of "Jacksonian democracy" left a perceptible mark on the public mind. This was the beginning of the myth that the president is the main symbol of national unity and the guarantor of the complete freedom of enterprise. The figure of the president (in addition to Jackson, Washington and Jefferson were also included in the presidential pantheon) actually replaced the very concept of centralized government in the public mind, and there was still little belief in the need for this kind of government on the local level.

The American frame of mind in the 1830's was described by French philosopher A. de Tocqueville. In his book "Democracy in America," he described federalism and underscored the exceptionally active nature of local self-government in the United States. He wrote that "since the administrative authorities (in the states--Author) are closer to the citizens...they arouse neither their envy nor their hatred." Furthermore, "when a private individual decides to do something...it never even enters his mind to seek government assistance; on the contrary, the individual makes his plans public, appoints himself the executor, enlists the support of other individuals, and makes a courageous attempt to surmount all obstacles."<sup>7</sup> It goes without saying that Tocqueville paid no attention to the fact that the system of community self-government and federalism existed hand in hand with the inhuman system of slavery and the genocide against the Indians. For the black slaves and the native population of the United States, the oligarchy of southern plantation owners and the democracy of armed squatters were equally odious forms of "white dictatorship." It is significant, however, that Tocqueville's judgments still serve as arguments for those who wish to use the traditions of government by the people and widespread authority in the United States in the first half of the 19th century for apologist purposes.

The American confidence in the strength and autonomy of local government and self-government, a confidence Tocqueville underscored, was a fact of political life then and is still nurturing the popular political tradition in the United States today.<sup>8</sup> This tradition is based on a nationalist, moral, and religious belief in the wisdom and virtue of the common man. It has been reinforced by the popular opinion that American politics and the political leadership affect relations between individuals or between groups of people at most, but not between social strata, not to mention classes. The logical conclusion was that centralized government was not as necessary in the United States as a means of suppressing class struggle because state and local government agencies could perform the functions of effective arbitration between small groups.



This is one of the reasons why central government agencies were actually turned over by the public to big political cartels for more than half a century.<sup>9</sup> The American masses, including the small stratum of urban intelligentsia, viewed the seizure of the federal government by more and more new hordes of seekers of cushy jobs with complete indifference. To some extent, they were also pleased with the impersonal nature of the centralized bureaucracy, even though the price was mounting corruption, incompetence, and unscrupulous dealing. The feeling that power should be wielded by as many people as possible and that anyone should be able to work in Washington was firmly ingrained in public political thinking. This frame of mind strengthened the tradition of the involvement of all types of outside groups in the sphere of public administration, and in the 20th century this gave liberal-reformist forces a chance to co-opt the leftist radical leaders of social protest movements. Ultra-conservative demagogues and rightwing extremists striving for positions of power also took advantage of this frame of mind.

American expectations and assumptions with regard to public administration underwent qualitative changes in the 1880's and 1890's. Now that the Wild West had been tamed, a great deal of power had been concentrated in the hands of monopolist groups, and many small businessmen had been ruined by banks, railroad companies, and oil and sugar trusts, bourgeois-democratic beliefs about who should govern the country began to change. The majority of farmers and the urban middle strata concluded that the arbitrary actions of trusts and their alliance on the local level of government with mercenary political bosses had to be opposed by a "government of the people" in Washington, and not just by cooperative associations, social centers, and reformist clubs. The populist movement of the farmers and the progressivist movement of urban middle strata were both part of the radical-democratic tradition of the first half of the 19th century. In these spontaneous movements, however, the need to form an authoritative and competent national leadership--either on the strength of federal agencies or on the strength of the establishment from among the most enlightened and worthy citizens--was assigned priority for the first time.<sup>10</sup> In other words, ideas about government as a force which would not be identical to all of the people and would be higher than community and local forms of government, entered the mass political consciousness for the first time.

In contrast to Europe, where this separation had been reinforced in the public mind by religion and by absolutist regimes, in the United States public ideas about a strong central government came into being much later and, what is more, on a radical-democratic basis. This is the reason for one of the distinctive features of the mythology of authority in the United States: The Americans continued to expect national political leaders to be public servants and to exercise various powers on behalf of the people and for the good of the people.

The severe crisis of the 1930's in the United States made it clear that the maintenance of the social foundations of capitalism would require the substantial reorganization of public administration with the aid of reformist methods. This reorganization was promoted by liberal politicians who advanced the slogan of the "welfare state." Quite soon, however, the state-monopolist

system the liberals had set up revealed its own contradictions. One of them was the contradiction between the petty bourgeois radical democratic tradition and such phenomena as the growth of bureaucratic structures in government, the increasing number of capitalist corporate executives and their intellectual retainers in government agencies, and the alliance of monopolists and union officials. These phenomena were already being protested by certain individuals in the 1940's.

The result was an acute need for the kind of ideology that would justify the new features of political affairs, the rapid bureaucratization, and the emergence of corporative structures. This service was performed by bourgeois political scientists and sociologists, many of whom were ideologists with liberal and even social-reformist views in the 1940's.

#### Conformity, Protest, and the Restoration of the Myth of Government by the People

Ideological validation for the activities of the reformist leadership in the 1940's and 1950's was taken from various sources. Liberal officials tried to create the illusion that this leadership was upholding national tradition by depicting the Rooseveltian reformists and their successors as the heirs to populism and progressivism. But their theories, which were based on a symbiosis of pluralist and elitist ideas, were lame in both legs.

American liberals took their elitist constructs from a number of West European thinkers,<sup>11</sup> supplementing them with the idea that qualified people--technocrats and meritocrats (from the English word "merit")--were needed in government. To substantiate the concentration of power in the hands of these groups--that is, technocrats or meritocrats--liberals J. Burnham, A. Burleigh, G. Means, and R. Gordon underscored the social origins of managers (from the intelligentsia and the urban middle strata), portraying them as a class capable, in contrast to the ignorant and mercenary financial and industrial bigwigs, of acting in the public interest. They portrayed the "executive revolution" as something just short of a democratic coup (for example, see T. Veblen), a transfer of power from the leisure class of financiers and investors to representatives of the common people.<sup>12</sup>

In the 1950's this democratic camouflage began to fray at the seams. The strata of engineers, technicians, and liberal arts intellectuals involved in government, however, were greatly influenced by these ideas. Many theorists of liberal reformism wrote and said that political democracy in the capitalist society rests on a qualified and socially responsible elite, and not on the masses or social movements. It is the function of the leadership, they openly stated, to curb the totalitarian potential of the mob, because the public at large was allegedly too susceptible to reactionary demagoguery.<sup>13</sup>

From the very beginning, the results of the technological revolution heightened the sense of omnipotence in government officials and the belief that the elite group of experts in the society could direct its development according to specific programs and eliminate conflicts, and that all unenlightened and incompetent elements (ordinary party functionaries and local politicians,

radical ideologists and, last but not least, the masses) would give up their attempts to influence national development. The concept of the "techno-structure" came into being in the early 1950's and was the first American political term signifying a special and distinct ruling stratum. The term implied an alliance of the top leaders of the largest capitalist corporations and the government officials in charge of national economic affairs.<sup>14</sup>

As for the American general public, it had to be tempted by the ideas of democratic pluralism. As G.K. Ashin remarked, the pluralists tried, consciously or unconsciously, "to conceal the class essence of political authority under the conditions of state-monopolist capitalism,"<sup>15</sup> and they were largely able to do this. The pluralists constructed their own theories, based on such real facts of American sociopolitical life as the developed system of local government and self-government, the frequent changes of top-level personnel in government agencies, and the integration of members of various sociopolitical movements in local government and sometimes even in national government. The pluralists asserted that virtually any special interest group was one of the many elements of sociopolitical administration.

Absolutely nothing was said about the obvious inequality of organizational-financial, expert, and other resources between, for example, the leadership of giant capitalist corporations and small property owners, not to mention the millions of unorganized and politically powerless members of the laboring public and the poor. The theorists of pluralism (R. Dahl, D. Truman, J. Galbraith, and S. Lipset) assured people that the very concept of political leadership was only a fiction under the conditions of the dynamic interaction of numerous interest groups or skilled and dispassionate arbitration by government officials. They also maintained that the reformists in government were allegedly pursuing the combined interests of all these groups. From this standpoint, big business associations, labor unions, and farmers' associations counterbalanced one another, and this made government arbiters free of excessive pressure from any side.

The ideas of pluralism were taken up by the mass media and became the political alphabet instilled in the minds of millions of Americans for decades. By the end of the 1950's pluralism was completely dominant in academic political science. In the eyes of many, this theory provided an answer to the question of who governed America. In a book which became quite popular in the West, R. Dahl interviewed many influential citizens in New Haven (Connecticut) to prove that no single special interest group, including the local commercial bigwigs, could monopolize the decisionmaking process on matters of importance to the city. The decisions are made, Dahl asserted, by a group of respectable and politically active citizens with an average income, led by an energetic elected official and, it goes without saying, acting in the public interest.<sup>16</sup> Taking advantage of the fact that the administration and local government agencies are referred to by the single English word "government," Dahl announced without the slightest consternation that "the national government is only one of more than 90,000 governments in the United States."<sup>17</sup>

Obviously conflicting premises were apparent in these apologetic theories. On the one hand, the American was being told that he lived in a society where



there was not the slightest hint of a monopoly on power and where government by the people, embodied in the system of pluralism, reigned. On the other hand, he was informed that society was being governed and must be governed by specialists, members of an enlightened elite, and that the political ambitions of the common man were therefore unsubstantiated and naive.

How did the American masses react to this contradiction? In the atmosphere of the cold war, the intolerance for dissent, and the relative improvement in material welfare, many were willing to accept this obvious violation of democratic tradition. As another contributing factor, in contrast to the 19th century, when 70-80 percent of the Americans were small owners or had a real chance of starting their own businesses, by the end of the 1950's the same 70-80 percent of the population consisted of the proletarianized strata of workers and employees of giant capitalist corporations and government organizations (although they frequently did not want to acknowledge this). Doubting their own strength and aware of their obvious economic dependence, many Americans threw themselves on the mercy of elite groups in their daily life.

There were distinct expectations connected with presidential power. Here the tradition of "Jacksonian democracy" continued to work on the public mind: The presidency (as an institution) was regarded as a force capable of restraining the organized "interest groups" the individual was incapable of opposing. The reliance on the magic powers of the president grew stronger as many Americans lost faith in their ability to influence their own fate.<sup>18</sup> In the words of American researcher P. Strum, "the public was used to the idea that the man in the Oval Office was responsible for the state of the economy, for U.S. prestige abroad, for the maintenance of social harmony and, in short, for everything from gasoline prices to the status of Jerusalem."<sup>19</sup>

In contrast to Tocqueville's time, now fewer and fewer Americans were likely to equate local government and self-government with public administration; they regarded the latter as something that did not depend on the citizen's personal initiative. They were increasingly willing to assign all initiative and responsibility to the leaders of government institutions. This is why specific individuals and groups of people in power become the target of rage and even hatred when there is dissatisfaction with Washington's policies. This was already the case in the days of H. Truman and D. Eisenhower and it reached its highest point under R. Nixon and J. Carter. The "turbulent sixties" dealt a particularly painful blow to the conformist myths of the bourgeois intelligentsia and the general public. The Johnson Administration's policy in Vietnam, the social reforms conducted from above and without any consistency, and the gap between the aspirations of the lower social strata and reality all led to a real crisis at the top and an acute conflict between the "governing" and the "governed."

At the end of the 1960's public attitudes toward government groups acquired the nature of a "crisis of faith." The performance of agencies of the executive branch won the approval of 41 percent of all Americans in 1966, 27 percent in 1972, and only 19 percent in 1973. In 1973, 74 percent of the Americans surveyed believed that "special interest groups receive more from



the government than the people do," and 60 percent felt that "the majority of elected officials go into politics for personal gain."<sup>20</sup> The myth of presidential authority suffered particularly serious damage. Lyndon Johnson refused to run for re-election, R. Nixon was forced to resign under the threat of impeachment, and G. Ford and J. Carter became the victims of the rapid accumulation of problems they were unable to solve.

As a result, the liberal ideas about governing groups based on the theories of elitism and pluralism were discredited in the eyes of the most diverse strata of the American public. These illusions were dispelled first among young students and the leaders of radical protest movements. The radicals concentrated their attacks on the theories of the pluralists. They called the U.S. political regime a repressive, corporative system governed by an establishment rather than by the people. The radicals wanted to dispel all of the bourgeois-democratic illusions and biases and relied on the national traditions of mass protest and self-government, but they did not fully appreciate the complex and fragmented nature of the mass political consciousness in the 1960's and its potential for social conservatism and anticommunism. These and other factors caused most Americans to be repelled by the young radical activists.

The reaction of the masses to the crisis at the top was ambiguous, but people were generally aware that government circles had disrupted the stability of the society with their unsuccessful experiments. The image of the "protective state" was replaced by the opposite image of the "insidious federal bureaucracy." The dissatisfaction and anger of many Americans, which had accumulated during the decades of the concentration of authority and the cold war, eventually took the form of political protest. This protest was primarily antiliberal, and frequently ultra-conservative.<sup>21</sup>

Since the days of populism, petty bourgeois democratic protest had provided an outlet for the patriarchal-terrorist, ignorant, and backward layers of the mass consciousness.<sup>22</sup> In the 1940's and 1950's this helped to attract part of the population over to the side of extreme rightwing currents in American politics. Rightwing opponents of the New Deal (W. Lemke, H. Long, G. Smith and C. Coughlin) demagogically stirred up these feelings. They portrayed the actions of liberal reformist groups in the federal government as tyranny and a threat to American institutions. The demagogues tried to use the national tradition of self-government in their own interest; they slandered the liberals by calling them privileged cliques usurping the "government of the people."

The founder of the John Birch Society, R. Welch, argued that the U.S. Government had become the target of a conspiracy headed by the "liberal establishment." He and his followers used this term to refer to the commercial and political associations of American business (big business, primarily transnational), namely the Business Council, the Council on Foreign Relations, the largest foundations and research centers with liberal leanings, the NEW YORK TIMES and WASHINGTON POST newspapers, some of the leading television companies, and some businessmen with reformist views.<sup>23</sup> The soil which had been loosened by the Birchers and rightwing demagogues proved to

be a suitable medium for successful campaigning by Governor G. Wallace of Alabama in the 1960's and early 1970's. He railed against the "highbrow intellectuals," "liberals in limousines," and other members of reformist groups in government who had "cut themselves off from middle America."<sup>24</sup>

The mounting dissatisfaction was fed by the extremes of leftist radicals (who were usually supported by liberal politicians) and, above all, by the crisis in liberal-reformist methods of economic regulation in the 1970's.

At the end of the 1960's the liberal-protective current of U.S. political thinking entered a long period of crisis. Leading liberal theorists of public administration tried to correct the situation by citing extra-historical arguments and calling the liberals in government the best standard-bearers of the moral values and laws of American society. To vindicate the establishment, they depicted it as a group of selfless public leaders concerned about the good of the entire nation and its cultural growth.<sup>25</sup> The crisis in the liberal upper echelons was also reflected in the attempts to stir up "appeals for leadership" in the masses and to encourage reliance on a strong leader, whose magical intervention could prevent the collapse of the ideology and practice of the "welfare state." In an attempt to somehow neutralize the criticism of government officials, the rubric "Who Rules America?" was added to U.S. NEWS AND WORLD REPORT in 1974. Hundreds of influential officials from various spheres of administration were presented to the readers in an idealized form with the long-range goal of dispelling mistrust and suspicion of the powers that be.

The neoconservatives (S. Lipset, S. Huntington, N. Polsby, M. Novak, A. Ranney, J. Kirkpatrick, N. Podhoretz, and I. Kristol) gave the protective ideology of public administration in the United States new momentum in the 1970's. They hoped to take American political institutions out of the sphere of criticism, to give the American tradition of government by the people conservative overtones, and to blame the upheavals and troubles of the 1960's and 1970's on liberal-reformist groups in government and on the radical intelligentsia. The liberal intelligentsia was accused of forgetting what labor wanted and was called the enemy of enterprise and the "American Dream." The neoconservatives called it a "new class" striving for political power and using its political plans to win the allegiance of average Americans for this purpose.<sup>26</sup> The foreign policy sphere was not forgotten either: The liberal reformists and radical intelligentsia were described as a force incapable of using military strength and firmly defending U.S. interests in world politics, especially in relations with the Soviet Union.

The neoconservatives also made use of various real problems to underscore the increasing bureaucratization of government. They portrayed the bureaucracy as an uncontrollable force unaccountable to the people. Their arguments were reinforced by political studies of the 1970's, during the course of which tremendous quantities of factual information had been gathered on the permanent staff of officials in Washington, the iron triangles of bureaucratic relationships, and the practice of confidential appointments in the administration. The conservatives managed to make the term "Washington bureaucracy" a pejorative synonym for the federal government in the American

heartland. The hounding of bureaucrats became an outlet for public discontent in a time of crisis for the upper echelon.

These feelings were among the political factors pushing the country to the right and facilitating the victory of the Reagan clique. During Reagan's 1980 campaign there was no shortage of promises to take the "Washington bureaucracy" in hand and get "big government off people's backs"; liberal-reformist groups were accused of being the "mouthpieces of special interest groups" (blacks, other racial or ethnic minorities, and the labor union bosses) and of impeding free enterprise.

During the 1984 presidential campaign, many American voters saw liberal W. Mondale as a threat because they believed that the return of the liberal intelligentsia to the administration would serve only this intelligentsia and related social groups. Sociologist W. Schneider, a man closely associated with the Reagan clique, solemnly declared that "for the majority of Americans the federal administration has become a synonym for the establishment, and defending it is the same as defending the government regulation of social affairs and the liberalism of interest groups."<sup>27</sup>

Ronald Reagan and his closest advisers are taking advantage of the desire of part of the American public for the earlier simple relationship between the president, the "head of the nation," and local government agencies. Sufficient resources for this kind of demagoguery exist, as we demonstrated above, and will continue to exist for a long time.

#### Leftist Radicals vs. the "Ruling Class"

In the postwar years the criticism of U.S. ruling circles was mainly based on the progressivist legacy. This criticism was first systematized in the works of radical American sociologist W. Mills, who advanced the theory that a "power elite" exists in the United States. Wright's theory described the characteristic processes of the concentration of power in the contemporary capitalist society. At the time of the mass protest movements of the 1960's, this theory won many followers in the United States. In the 1970's and early 1980's the criticism of government officials in the American society became a separate field of research in the American social sciences.<sup>28</sup> It has been upheld by articles in several magazines<sup>29</sup> and the works of W. Domhoff, P. Rurch, K. McQuaid, L. Shoup, T. Ferguson, J. Hanrahan, R. Brownstein, and others. The political and social changes of the 1970's and early 1980's did not escape the notice of leftwing intellectuals but motivated them to pay more attention to the distinctive features of the mass political consciousness in the United States and to give up the tendency to oversimplify some processes.

Sociologist W. Domhoff, who was already trying to prove that a ruling class existed in American society in the middle of the 1960's, underwent a characteristic evolution. Domhoff refuted the pluralists, but he was also guilty of obvious oversimplification. He tended to avoid political analysis and to ignore the relative autonomy of government and the struggle for power between the liberal reformists and other groups in the U.S. political leadership.

For more than 15 years Domhoff developed the main elements of his theory. In his latest work he repeated his main thesis--that "there is a social upper class in the United States that is a ruling class by virtue of its dominant role in the economy and government. It rests on the social awareness and solidarity of its members, has its basis in large corporations and banks, plays a major role in shaping the sociopolitical climate, and dominates the federal government through a variety of organizations and methods.... Leaders within the upper class join with high-level employees in the organizations they control to make up what is known as the 'power elite.'"<sup>30</sup>

Domhoff admits that this theory was resisted in the past by the general public (because it is contrary to American tradition), and he therefore felt the need to make certain important stipulations and explanations. They make it clear that he is not referring to the total control of society by ruling class organizations, but simply a process of domination; the elitist nature of public administration does not, it goes without saying, preclude a broad, mass political struggle. Labor unions, environmentalists, and consumer advocates can influence government through persistent effort and through the use of conflicts within the ruling class and between moderate conservatives and ultra-conservatives, as well as conflicts between them and the coalition of liberals and labor unions. This coalition contends (although with little success) with the "power elite" in the sphere of public administration. It draws its strength from the labor movement, from middle-income professional groups, from environmentalists and consumer advocates, and from the "university community"; it is supported by some law firms and foundations with liberal aims.<sup>31</sup>

Finally, Domhoff remarks that the sphere of local government, which plays a tremendous role in the life and consciousness of Americans, is controlled by groups which are not part of the national "power elite" and sometimes come into conflict with it. After ascertaining that foundations, planning groups, and "think tanks" have taken the initiative in raising problems on the national level, Domhoff speaks of local politics as a substantial reserve for struggle for the political and social democratization of the country. The structure of local government in the 1960's and 1970's was influenced greatly, he believes, by environmentalists, "community" interest groups, and student organizations.<sup>32</sup>

These attempts by leftwing radical researchers to analyze the correlation of antidemocratic and democratic elements in American politics and to use their accusing sociological arguments as a means of changing mass beliefs about who rules America seem quite significant. They are helping Americans who still believe in government by the people to realize and comprehend the actual state of affairs.

In the United States, where the petty bourgeois radical tradition served a century ago as a direct reflection of the social status of the majority of the white population, ideas about government officials are still colored by radical-individualistic features even in our day. The other side of the coin of individualistic beliefs in the United States, as the Americans themselves admit, is conformism.<sup>33</sup> This is part of the reason for President Reagan's



popularity with so many Americans until just recently. This is also the reason why many Americans are sometimes surprised by the administration's connections with big capital and by the authoritarian and unconstitutional decisions on affairs of state. Crises like "Irangate" are facilitating the transition from the idealization of rulers by Americans to "insight."

It is significant that the traditions of government by the people can serve, as demonstrated above, not only as a medium for the cultivation of conservative ideas in the American mass consciousness but can also nurture social protest movements. It has tremendous potential for the development of self-government, even in economic affairs, under the conditions of radical political reform. Finally, it effectively inhibits the attempts of reactionary segments of the financial-monopolist bourgeoisie to make qualitative changes in the political regime and establish their own unrestricted dictatorship.

The political crises which occur in the United States from time to time also reveal the progressive elements of mass political thinking. The tradition of government by the people serves leftwing democratic forces as an important reserve.

#### FOOTNOTES

1. Yu.A. Zamoshkin noted that "the consciousness of much of the U.S. population is still nurtured by memories and lives in the world of symbols created and reinforced in the past" (Yu.A. Zamoshkin, "Lichnost v sovremennoy Amerike. Opyt analiza tsennostnykh i politicheskikh orientatsiy" [The Individual in America Today. An Experimental Analysis of Values and Political Points of Reference], Moscow, 1980, p 45; also see E.Ya. Batalov, "Sotsialnaya utopiya i utopicheskoye soznaniye v SShA" [Social Utopia and Utopian Thinking in the United States], Moscow, 1982, pp 328-330).
2. See, for example, G.K. Ashin, "Sovremennyye teorii elity: kriticheskiy ocherk" [Contemporary Theories of the Elite: Critical Essay], Moscow, 1985.
3. In "18th Brumaire of Louis Bonaparte," K. Marx demonstrated the degree to which ideas and historical analogues inherited from other eras can influence politics (K. Marx and F. Engels, "Works," vol 8, pp 115-217).
4. Even at the end of the 1960's, at a time of increasingly widespread democratic protests, three-fifths of the respondents in the statistically average American town replied that "no one rules in our country" and explained that "important political decisions are the product of interaction by many different groups" (J. Huber and W. Form, "Income and Ideology," N.Y., 1973, pp 134-140).
5. Describing the evolution of the "American type" of agrarian capitalism, V.I. Lenin singled out the following features: "The abolition of landlord property rights. The peasant becomes a free farmer. Democracy. A

bourgeois-democratic order. The highest degree of equality in the rural population..." (V.I. Lenin, "Poln. sobr. soch." [Complete Collected Works], vol 15, p 227).

6. V.A. Ushakov, "Amerika pri Vashingtone (politicheskiye i sotsialno-ekonomicheskiye problemy SShA v 1789-1797 gg.)" [America in Washington's Time (Political and Socioeconomic Problems in the United States in 1789-1797)], Leningrad, 1983, pp 35-36.
7. A. de Tocqueville, "Democracy in America," vol 1, N.Y., 1967, pp 88, 96.
8. For more about this, see R. Bellah et al. "Habits of the Heart. Individualism and Commitment in American Life," N.Y., 1986, pt II.
9. K. Marx and F. Engels, Op. cit., vol 22, pp 199-200.
10. R. Bellah et al. Op. cit., pp 258-260.
11. V. Pareto, G. Mosca, R. Michels, G. Sorel, S. Freud, J. Ortega Y Gasset, and others. For more about the intellectual tradition of elitism, see G. Ashin, Op. cit.
12. S.G. Sorokina, "Thorstein Veblen and His Book 'The Theory of the Leisure Class'" (Introduction)--T. Veblen, "The Theory of the Leisure Class," Moscow, 1984, pp 45-51.
13. "The New American Right," edited by D. Bell, N.Y., 1955; G. Sartori, "Democratic Theory," Detroit, 1962, p 119.
14. J. Galbraith, "Economics and the Public Purpose," Moscow, 1979, p 13 (Foreword).
15. G.K. Ashin, Op. cit., p 175.
16. R. Dahl, "Who Governs?" New Haven (Conn.), 1961.
17. R. Dahl, "Pluralist Democracy in the United States. Conflict and Consent," Chicago, 1967, p 171.
18. There is no question that this attitude toward the president began with F. Roosevelt's New Deal, which was the first time the lives of millions of Americans were affected directly in peacetime by federal authorities, bypassing local government agencies.
19. P. Strum, "Leadership Unexamined: Studies of the American Presidency, 1949-1979," Prepared for the IPSA Congress of 12-18 August 1979, Moscow, 1979, p 15 (mimeo).
20. M.M. Petrovskaya, "SShA: politika skvoz prizmu oprosov" [United States: Politics Viewed Through the Prism of Public Opinion Polls], Moscow, 1982, pp 130, 132.

21. Yu.A. Zamoshkin, *Op. cit.*, pp 201-244.
22. K. Marx used the peasantry of 19th century Europe to illustrate this feature. He said that "the Bonaparte dynasty was the representative of the peasant's superstition rather than enlightenment, his prejudices rather than reason, and his past rather than his future" (K. Marx and F. Engels, *Op. cit.*, vol 8, pp 208-209).
23. AMERICAN OPINION, May 1978; June 1978; February 1985; March 1985.
24. S.M. Plekhanov, "The Advancement of G. Wallace," *NOVAYA I NOVEYSHAYA ISTORIYA*, 1974, No 1, pp 164-174; J. Carlson, "George C. Wallace and the Politics of Powerlessness. The Wallace Campaigns for the Presidency, 1964-1976," New Brunswick, 1981.
25. L. Silk and M. Silk, "The American Establishment," N.Y., 1980.
26. E.V. Demenchonok, "Sovremennaya tekhnokraticeskaya ideologiya v SShA" [The Contemporary Technocratic Ideology in the United States], Moscow, 1984, pp 145, 111.
27. THE NEW REPUBLIC, 15-22 July 1985, pp 19-21.
28. For more detail, see SSHA: EPI, 1984, No 4, pp 81-89.
29. They include THE NATION, THE VILLAGE VOICE, DISSENT, THE PROGRESSIVE, and MOTHER JONES.
30. W. Domhoff, "Who Rules America Now? A View for the 80's." Englewood Cliffs (N.J.), 1984, pp 1-2.
31. *Ibid.*, p 144.
32. *Ibid.*, pp 14, 172.
33. R. Bellah et al, *Op. cit.*, p 148.

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## U.S. IN WORLD PETROLEUM MARKET

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 87 (signed to press 15 May 87) pp 15-24

[Article by A.V. Nikiforov]

[Text] When it was learned at the end of October 1986 that Sheikh Ahmad Yamani was no longer minister of petroleum and mineral resources in Saudi Arabia, the price of oil on the New York commodity market rose almost a dollar a barrel, and it rose another 25 percent after the 80th OPEC conference in December. This was the end of the "price war" to which Riyadh and some other OPEC members had resorted with the aim of crowding competitors out of the world oil market. The price, which was still 27 dollars a barrel (7.4 barrels in a ton) in December 1985, fell to 8 dollars in August 1986, then held at 15 dollars for several months, and only rose slightly above 19 dollars in the extraordinarily cold January of 1987.

The "price war" exposed the economic and political innersprings of the oil market and exacerbated conflicts between traders to such a degree that its initiators had to "lay down their arms" before they had apparently intended to.

This dealt a severe blow to the American oil industry. Total capital investments were 30 percent lower in 1986 than in 1985, and the number of working wells (on a weekly average) fell from 2,000 to 800. For the first time in several years production volume decreased by 2.3 percent, or by 10.3 million tons. This year it is expected to decrease by another 8.5-15 million tons.

The low prices, however, stimulated the consumption of petroleum products. It increased by 2.6 percent--reaching 806.7 million tons--and could reach 815 million tons in 1987. The result was a dramatic--20 percent--increase in American imports of oil and petroleum products. Last year they amounted to almost 259 million tons, and in 1987 they could exceed 300 million tons.

The events of 1986 seemed to indicate, as if on a sped-up film, the tendencies that will be characteristic of the situation in the United States and in the world market in the next few years, even if the rate of their development should be slowed down by the slight stabilization of prices. In particular, it became obvious that the strong momentum produced by rising prices in the 1970's for the reduction of oil consumption has largely disappeared.

## Trends in Oil Consumption

It is true that as a result of measures to replace oil with other sources of power and to use it more efficiently, the consumption of liquid fuel per dollar of American GNP fell from 315.4 grams in 1973 to 220.2 grams in 1985, or by 30 percent. But last year this decrease ceased for the first time in 9 years.<sup>1</sup>

Of course, this could have been the result of a set of unfavorable circumstances--slower economic growth and the unprecedented decline of oil prices. Even a more thorough analysis of the process by which the liquid fuel was crowded out of various sectors of the American economy testifies, however, to the deceleration of this process and to the potential for the rapid return to oil under favorable circumstances.

The process by which oil was ousted achieved top speed in electrical power engineering. Whereas American TES's burned 77 million tons of fuel oil in 1973, the figure was only 24 million in 1985. In other words, it decreased by a factor of 3.2. The proportional amount of electrical power produced with the use of oil decreased from 17 percent to 4 percent during this period.<sup>2</sup> The use of natural gas also decreased (from 18 to 12 percent). They were replaced by coal and nuclear power. In 1985 coal was used in the production of 57 percent of all electrical power, as compared to 46 percent in 1973, and nuclear power plants produced 16 percent, or 3.4 times as much.

The capacities of coal TES's were augmented quickly, and American power companies put their power units operating on liquid and gaseous fuels in reserve. As a result, although the use of these types of fuel, especially oil, decreased, the volume of capacities intended for them was even greater in 1985 than, for example, in 1974.

According to the estimates of Executive Director E. Bergman of Americans for Energy Independence, the construction of coal and nuclear power plants in the last 10 years has made available capacities designed for the consumption of 100 million tons of oil.<sup>3</sup> He is afraid that the slower augmentation of other capacities in electrical power engineering could mean that a possible rise in the demand for its products in the near future might be covered by a return to the power units operating on liquid fuel. And it is true that when the abrupt drop in oil prices restored its necessary competitive potential in 1986, it began to be used more extensively in electrical power engineering: an increase of 13 percent in just the first 4 months of the year in comparison to the same period of 1985. Fuel oil turned out to be cheaper than natural gas and began to crowd it out of power units designed for both types of fuel. Therefore, although this sector of the American economy was quicker than others to reduce its dependence on oil, it also retained a relatively greater ability to resume the use of this fuel.

The policy of reducing oil consumption is more firmly ingrained in the industrial sector, which, according to American statistics, includes industry, construction, agriculture, forestry, and fishing. The introduction of new energy-saving technologies and the transfer to alternative types of fuel and

energy reduced petroleum product consumption by 10.2 percent between 1973 and 1985--to 201.5 million tons. It is indicative that whereas its growth was much more rapid than that of the economy as a whole during the period of prosperity in 1975-1979, the increase in the GNP in 1982-1985 was accompanied by the reduced consumption of oil in the industrial sector at a rate of 0.4 percent a year on the average. According to preliminary data, this tendency continued in 1986, despite the drop in oil prices.

In the future, however, it is most likely to slow down or even to be reversed. Oil accounts for 38 percent of all the power used in this sector (natural gas accounts for another 35 percent). Considerable possibilities for its replacement would seem to exist, but only around 11 percent of the petroleum products used in this sector are used for the production of heat and electricity--that is, for such purposes where they can be replaced relatively quickly with another fuel or with electrical power. Another 17 percent are used as fuel for industrial transport and for construction, agricultural, and other machines and mechanisms. Most of the petroleum products consumed, more than 70 percent, are raw materials for the chemical industry, fuel for oil refineries, lubricants, and other materials not used in power engineering.

Statistics indicate that the exclusion of petroleum products from the industrial sector from 1974 to 1984 was largely a result of the reduction of their use in the production of heat and electricity and their replacement with electrical power and partly with natural gas. The amount of petroleum products used for other purposes, however, either did not change or even increased slightly. In itself, this result does not seem so bad in view of the fact that the volume of production in the industrial sector increased by 17 percent during the same period, but it is also a fact that the comparatively easily accessible reserves for the conservation of oil in this sector are apparently close to depletion. Any further reduction in consumption without the reduction of production volume and cardinal changes in product assortment will be connected mainly with the introduction of new technologies in the chemical industry, petroleum refining, and agriculture and with the production of more economical engines--that is, with fairly slow processes. At the same time, according to Bergman's estimates, the industrial sector has capacities designed for the use of petroleum products as well as gas, and the transfer to the use of petroleum in these could increase its consumption by 50 million tons a year.

A similar situation is now taking shape in American transport--the main sphere of petroleum use. Petroleum products cover more than 97 percent of all the energy requirements of transport.<sup>4</sup>

Around three-fourths of the energy--virtually all petroleum products--consumed in this sector are used in motor transport, which therefore represents the main object of fuel conservation efforts. New government standards and, what is most important, consumer demands have made motor vehicles much more economical. Whereas American passenger cars used an average of 18 liters of gasoline per 100 km in 1973, the figure was 14 liters in 1983. The new American 1984 models used 9.2 liters. As a result of thorough technological reorganization, automotive engineering in the United States was able to make

its products 43 percent more economical between 1975 and 1984. Of course, this increase was made possible by the low initial level. For the sake of comparison, imported automobiles (mainly Japanese and West European) were more than a third more economical than American cars in 1975 but displayed an increase of only 26 percent during the same period. Even today, the new American cars use 1.7 more liters of gasoline per 100 km than imported vehicles on the average.

The slower enhancement of motor transport economy in the United States and in other countries in the 1980's testifies to the depletion of the reserves of internal combustion engine efficiency. The United States was quick to put easy solutions to work, but the further development of transport on the basis of traditional designs and types of fuel will apparently entail the increased consumption of petroleum products. Transport was the only large sector of the American economy where the absolute amount of oil consumption (491.5 million tons in 1985) did not decrease between 1973 and 1985, but even increased, and its share of the total amount of petroleum products used in the United States now exceeds 64 percent (53 percent in 1973). Any significant reduction in oil consumption in this sector would only be made possible by the large-scale production of synthetic liquid fuel or by a radical transfer to some other type of energy in transport. Now that oil prices are dropping, however, there is much less incentive to seek alternatives, and the one-third decrease in gasoline prices allowed many Americans to resume their wasteful driving habits in 1986, which increased petroleum product consumption in transport by almost 8 million tons in comparison to 1985.

The reduction of oil consumption under the influence of rising prices in the 1970's was more consistent in the housing and commercial sectors than in other sectors of the American economy.<sup>5</sup> Even during the period of prosperity in 1975-1979, when liquid fuel consumption in the economy as a whole rose far above the 1973 level, these sectors used less than they had prior to the "oil crisis." In these sectors petroleum products are used almost exclusively to heat buildings. For this reason, the first, most immediate response of Americans to the rising prices--lowering the temperature in buildings slightly and finding other ways of making them warmer--had an impact, which was later reinforced by the introduction of new insulation materials and techniques, the improvement of door and window designs, and the development of more efficient heating systems. For example, the proportional (per unit of area) consumption of all types of energy in non-residential buildings built between 1974 and 1979 was 23 percent lower than the figure for those built from 1971 to 1973.

The main cause of the reduction of petroleum product consumption in the housing and commercial sectors, however, was the substitution of other sources of energy: electricity, gas, coal, and even firewood. The number of detached dwellings heated by oil fuel decreased by 22 percent between 1975 and 1983, while the number of those heated by electricity rose 72 percent, the number heated by gas rose 11 percent, and the number heated by other fuels almost tripled. The consumption of firewood in the housing sector more than doubled during these years, reaching almost 50 million tons a year. The total number of multiple dwellings heated by oil displayed only an insignificant decrease,



but the number of new buildings of this type is only one-tenth as high as in 1975. As a result, oil covers around 17 percent of all the energy requirements of the housing sector (not counting firewood), as compared to 26 percent in the middle of the last decade. The proportion accounted for by oil in energy consumption in the commercial sector decreased just as quickly: from 23 percent in 1975 to 16 percent in 1984. In 1983, however, the absolute amounts of oil consumed in the housing and commercial sectors began increasing (to 68 million tons in 1985), although they are still below the 1980 level.

Therefore, the sectors of the American economy using the most oil (transport and industrial), together accounting for 88 percent of all petroleum products consumed, have largely exhausted their potential for the continued, relatively quick replacement and conservation of this source of energy. The new energy-saving equipment and technology developed at a time of energy crisis secured the perceptible reduction of proportional (per unit of product) oil consumption and even of absolute consumption in some cases. Although these are still being incorporated, the reduction will diminish rapidly in the future without qualitative technical breakthroughs. In other sectors (housing and commercial, as well as electrical power engineering), there would seem to be no serious technological obstacles to the continued replacement of oil. All of them combined, however, account for only 12 percent of the petroleum products consumed today, and the further reduction of this consumption will have less and less of an impact on the total picture. What is much more important is that these sectors can respond more quickly to changes in the relative prices of various sources of energy and have retained (especially electrical power engineering) relatively greater potential for a return to oil.

In general, the main conclusion is that oil consumption in the American economy in the next few years will depend much more on rates of economic development than it did in the first half of the 1980's. Given today's relatively low oil prices, this means a slight reduction in oil consumption during the period of the future cyclical depression and a rapid increase during the stages of recovery and prosperity. Surmounting this dependence would require a new abrupt and protracted rise in world prices or special internal oil taxes. Neither is foreseen.

#### New Market Situation

After the price controls were lifted in the United States in 1981, the American oil market merged completely with the world market, which has undergone perceptible changes in recent years. Although OPEC and, in particular, Saudi Arabia are still capable of plunging the market into a state of shock, the profound quantitative and qualitative changes have led to a situation in which they can now do this only by lowering prices, and not by escalating them, as they did in the 1970's.

The typical reduction in oil consumption in the Western countries until recently, combined with increased oil production outside OPEC, decreased this organization's share of world capitalist production from 68 percent in 1973 to 39 percent in 1985<sup>6</sup> (see graph), and its share of trade from 93 to 62 percent.<sup>7</sup> The group of exporters was joined by Great Britain, Norway,

Mexico, Egypt, Malaysia, and several other states. The number of buyers and sellers rose perceptibly. Nationalization and the increasing popularity of participation agreements between state companies in oil-exporting countries and foreign monopolies put oil production under the control of these companies and contributed to the noticeable expansion of their commercial contacts. Now each OPEC country sells oil to 20-40 buyers, which include many private and state companies, even some in developing states, in addition to earlier concessionaires. The role of the notorious "Seven Sisters"--the oldest and largest oil monopolies--has decreased accordingly. Whereas they controlled 90 percent of the capitalist trade in crude oil in the beginning of the 1970's, they controlled 75 percent just before the revolution in Iran and under 40 percent at the beginning of the 1980's.<sup>8</sup> The increasing number of companies operating outside the integrated production and sales networks of oil TNC's has enhanced the role of the commodity market.

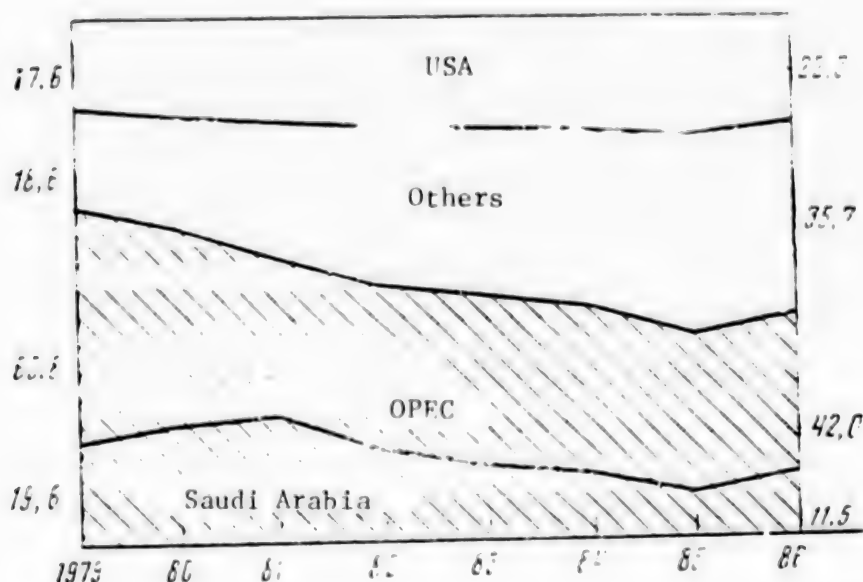
This was also promoted by the policy of the OPEC countries, which effectively stopped trying to control prices at the end of the 1970's and began gearing them to commodity market prices. Until 1973 these prices were lower than the official OPEC price. Later, until the end of 1978, they were slightly higher than the OPEC price. During this period there was a general balance of supply and demand; furthermore, production and trade volumes increased. OPEC only raised its price slightly to compensate for the inflationary devaluation of the dollar. In fall 1978, however, the market became more erratic. The development of the revolutionary situation in Iran caused interruptions in oil deliveries. In itself, the related decrease in supply played an insignificant role in destabilizing the market. What is more, increased production in Saudi Arabia and some other countries compensated for the shortages. The psychological reaction in the market had a much greater impact. It was engulfed by a wave of so-called panic purchases, in which consumers and middlemen began the frenzied augmentation of reserves in the expectation of the complete termination of deliveries from Iran. This is precisely why the commodity market price leaped from 12.9 dollars a barrel in 1978 to 29.8 dollars in 1979 and reached the record level of 35.9 dollars in 1980.<sup>9</sup>

The OPEC countries tried to keep up with changes in the market. Official prices, which were 12 dollars below market prices in 1979, were raised to the market level. The unified structure of OPEC prices was effectively dismantled in the race for maximum gain. It was not until October 1981, when market conditions took a definite turn for the worse, that OPEC returned to its single basic price. But not for long: In March 1982 there were already reports that Iran had lowered the price, thereby upsetting the established system, and in February 1983 Nigeria frankly announced, after lowering its price by 15 percent, that it would base its future prices on those of its chief competitor--the British National Petroleum Corporation, which supplies oil of similar quality. Numerous subsequent attempts by OPEC to work out a unified pricing system and, what is most important, to secure its observance were unsuccessful until the end of last year. According to some estimates, 80 percent of the organization's sales in the middle of 1985 were made at prices below the official figures.

The nature of contracts changed dramatically. Long-term contracts were inconvenient for oil exporters under the conditions of product shortages and

rapidly rising prices. They tried to replace annual and semiannual delivery commitments with quarterly ones. The credit period which had usually been 90 days was reduced by two-thirds in some cases. The resulting surplus was thrown on the commodity market. When prices began to drop, buyers had an incentive to reduce contract terms to take maximum advantage of favorable market conditions. In turn, the exporting countries tried to guarantee sales by practicing reciprocal or barter transactions on a broader scale. The development of the futures market began. The New York Stock Exchange and the International Oil Exchange in London expanded hedging operations.

Graph: Percentages Accounted for by Some Countries in Total Oil Production in Capitalist World



Netback contracts, in which the price of crude oil is calculated on the basis of the prices of the petroleum products which can be derived from it, became popular. When the shipment is sent, neither the seller nor the buyer knows the exact price of the crude oil. It is calculated later, usually after the 20 or more days needed for the delivery of, for example, Middle Eastern oil to consumers in the West. While the tankers are en route, the cost of their cargo can change daily by tens of thousands of dollars, depending on petroleum product price fluctuations in the recipient countries.

Experts assessed these changes in the oil market in different ways. Some felt that the higher volume of futures transactions and the related speculation would help to stabilize the market by compensating for weaker OPEC regulation.<sup>10</sup> Others placed the emphasis on the "disintegration" of the market and made note of the heightened uncertainty and the vulnerability to speculation. American experts F. Fesharaki and S. Hoffman, for example,



compared it to the securities market, "where hunches, rumors, and gossip have as much influence, if not more, on short-term price dynamics as deep-seated economic causes."<sup>11</sup> One popular opinion was that the oil market was now just like the markets for the majority of other raw materials and would now be governed by economic laws rather than by political decisions, as it had been in the 1970's. Some experts believed that the objective conditions had been established for the conclusion of a multilateral agreement by exporters and importers on the model of those regulating the markets for several crude resources.

Actual events proved, however, that although these assessments are an accurate reflection of the main trends, their general conclusion seems premature. The "price war" demonstrated that political considerations play a definite role in the oil market, although earlier developments, including OPEC actions, were within the bounds of ordinary market behavior.

This organization tried to maintain the world price by limiting the supply of oil. The first attempt to set an overall production ceiling (17.5 million barrels a day) and corresponding quotas for each OPEC country was made in March 1982, but it was unsuccessful. The quotas were violated. In December 1982 the organization's total output exceeded the ceiling set in March by 2 million barrels a day. Furthermore, other oil exporters were also increasing their output. At the end of the year the capitalist countries not belonging to OPEC began producing more than OPEC members for the first time in two decades. Later OPEC made repeated attempts to curb internal conflicts and to gain the cooperation of other exporters. The overall output ceiling was eventually lowered to 16 million barrels a day, but the actual figure in June 1985 was lower by 1.5 million.

OPEC was losing its market. In July it took an unprecedented step: It proposed price stabilization talks to the International Energy Agency (IEA), with its 21 Western members. It proposed lower prices in exchange for the promise of IEA members to buy more of its oil. This proposal was rejected by the majority of Western countries, with the United States in the lead, although some of them, particularly Japan and Sweden, had a positive response to it. The situation was the direct opposite of the one in the middle of the 1970's, when the IEA made futile attempts to negotiate lower prices and guaranteed oil deliveries with OPEC.

Saudi Arabia had to bear most of the burden of the OPEC policy of maintaining prices. Whereas the majority of OPEC members chose their own quotas and some exceeded them, this country's oil output in the middle of 1985 was equal to only half of its quota and one-fourth of its maximum potential. The futility of the attempts to prevent the decline of prices by reducing production was one of the reasons that the country's leadership decided to act on the repeatedly voiced threat of a "price war." Reports in the press in September said that Saudi Arabia had concluded netback agreements on large oil purchases with three American companies (Exxon, Mobil, and Texaco). Given the weak market, this signified a price reduction. Although the price in these contracts was only 2.5-3 dollars below the official price, Saudi Arabia's transfer to this pricing principle, combined with the rapid augmentation of output, made an abrupt decline possible, and this is exactly what happened.

Other OPEC countries, many of which had always wanted to increase their quotas, hoping for, or demanding (as Iran did), a corresponding reduction in output from Saudi Arabia, now had no other choice but to follow the leader, although they were obviously disturbed by the prospect of falling prices. As a result, a new OPEC strategy was announced in December 1985 and was supposed to secure OPEC a "fair share of the world market." A special committee was even set up to calculate this "fair share." This proves that the strategy had been under consideration for a long time. The figure of 20 million barrels a day was mentioned, but this level was already exceeded in July 1986.

The price of success, however, turned out to be ruinous. Although OPEC exports (for the year as a whole) displayed an increase of 16 percent in comparison to 1985, the income of its members decreased by 34 percent, including a decrease of 60 percent for Algeria, 50 percent for Indonesia, and 40 percent for Gabon. Saudi Arabia suffered the least: Compensating for falling prices with an increase in output, it lost only 9 percent of its annual income, and its share of total OPEC revenues from oil sales rose from 21 to 30 percent. It is no coincidence that many observers regarded the "price war" as a perfectly safe Saudi move to put OPEC affairs in order and to take other exporters in hand.

The opposition to Riyadh's move was headed by Iran, which justifiably saw it as indirect support of Iraq: The lower prices of the oil exports undermined by enemy missile strikes could have depleted Tehran's treasury and minimized the impact of its military efforts. Reports in the press referred to Iran's thinly veiled threats to extend its military operations to other Persian Gulf countries, and the seizure of Iraq's Fao peninsula, in direct proximity to Kuwait, in February 1986 was interpreted as an unequivocal warning to Iraq's allies. Saudi Arabia's economic strength was countered by Iran's military strength.

In August an agreement was reached on a decrease of more than 20 percent in the total OPEC output. The market responded quickly to this decision with an increase raising the price by a third--to 15 dollars a barrel. By making its consent to continue observing output restrictions conditional upon a return to the unified price policy, Saudi Arabia gained approval for the new system of OPEC prices in December.<sup>12</sup> The viability of this system will depend largely on the success of output regulation and on the position of oil exporters not belonging to OPEC. It has already won the sympathy and support of Mexico, Egypt, Oman, Malaysia, Angola, Norway, and some other countries, which have either reduced their exports or have refused to increase them. People in the USSR also "approve of OPEC's constructive efforts and are taking them into consideration."<sup>13</sup>

In this situation, a price of 18 dollars a barrel is viewed by many as the most acceptable price to sellers and to buyers. It is true that it is almost half the maximum price reached in 1980, and it is therefore relatively low for consumers. At the same time, it is twice as high as the price in the middle of 1986 and is therefore not so ruinous for oil producers in the West. The price is acceptable to Saudi Arabia not only because it will increase the income of OPEC members and thereby neutralize mutual conflicts. It is also

important that it is still below the price needed for the American oil industry to resume its growth and is much too low to stimulate synthetic oil production. According to experts from Merrill Lynch Economics, a consulting firm, a price of 20 dollars a barrel will be needed to correct the situation in the U.S. oil industry. As far as synthetic oil is concerned, its production<sup>14</sup> became possible only because a government contract temporarily guaranteed its purchase at 25 dollars a barrel. In this way, the current world price is consistent with Riyadh's main goal of perpetuating the "petroleum age" and retaining its position in the marketplace.

Although recent events have diminished the value of attempts to predict prices for several years or even months in the future, arguments in favor of the opinion that they will stay at the current level at least until the end of the 1980's warrant consideration. The OPEC countries have considerable potential for the augmentation of oil output in accordance with rising world demand. In 1985, for example, OPEC used 59 percent of its production capacities, including figures of 37 percent for Saudi Arabia, 70 percent for Iran, Nigeria, and Venezuela, and 76 percent for Indonesia. The probability that this organization will be able to continue production restraint at a time of rising demand and thereby raise the price is quite slim, not to mention the difficulties of coordinating this policy with other suppliers. The possibility of lower prices still exists. It is true that the 1986 experience does not provide much reason to anticipate a new "price war," but the unity of exporters is quite fragile and could be broken at the first sign of a rise in demand. If one of them should respond to this by exceeding its quota, a chain reaction could then result in the overall growth of exports and a drop in prices. Short-term fluctuations are possible in connection with the Iran-Iraq war. The United States and some other Western countries, however, have accumulated large strategic reserves of oil to prevent a repetition of the "panic buying" of the late 1970's. The mechanism for using the reserves has not been perfected to date, but this kind of situation would be the perfect opportunity to test it. Besides this, their very existence is supposed to have a calming effect on the market.

In general, the economic situation will probably foster lower prices for another few years, and exporters will have to put forth a great deal of political effort to prevent this. It is true that they can expect at least some understanding, if not open support, from IEA members, and not only because some of these countries are large oil producers and exporters themselves. Another important consideration is that excessively low prices will undermine the long-range IEA policy of reducing the West's oil dependence. Although the price decreases of the 1980's were largely a result of this policy, their decline in 1986 demonstrated that it could have the opposite effect in some situations. It is indicative that while U.S. ruling circles were celebrating the "collapse of OPEC," they were also expressing obvious disapproval of Saudi Arabia's actions last spring. Therefore, the West has an interest in keeping prices at a specific level, but no attempts are being made to negotiate this level even within the IEA, not to mention some kind of agreement with OPEC. For this reason, the future could hold just the fragile sort of political understanding that exists with regard to the current price.

The current level, in the opinion of analysts, is not high enough to prevent the development of the prerequisites for another reversal in the oil market. Existing prices will promote increased consumption in the world but will not stimulate increased output or the production of substitutes in the United States and other Western countries, and this could heighten their dependence on imports. In general, by the middle of the 1990's the world demand for oil is expected to be equal to supply or even to surpass it, and this could strengthen the ability of exporters to set prices and delivery terms. Therefore, a situation similar in many respects to the one in the early 1970's could take shape. Although the economic fabric of the oil market has undergone significant changes since that time, the political situation has hardly improved. The state of affairs in the Middle East and in Soviet-American relations is sufficient proof of this. Consequently, there is every reason to begin considering ways of preventing a new confrontation.

#### FOOTNOTES

1. Calculated according to data in MONTHLY ENERGY REVIEW, July 1986, p 36; BIKI, 11 December 1986, p 5.
2. Consumption trends here and further on in the article are calculated according to data in: "Annual Energy Review 1985," Wash., May 1986; MONTHLY ENERGY REVIEW, July 1986; "Energy Conservation Indicators. 1984 Annual Report," Wash., December 1985; "Annual Energy Outlook 1985," Wash., February 1986.
3. THE HOUSTON POST, 18 May 1986.
4. Another 2.6 percent is accounted for by the small quantity of gas used in the servicing of gaslines; the length of electric railways is negligible, and the gasification of motor transport is still in the experimental stage.
5. The commercial sector encompasses all privately owned buildings other than residences, industrial buildings and installations, and streetlights.
6. Calculated according to data in "Annual Energy Review 1985," p 235; BIKI, 15 January 1987, p 5.
7. EUROPA-ARCHIV, 1986, No 19, p 562.
8. INTERNATIONAL AFFAIRS, Spring 1985, p 265.
9. "Annual Energy Review 1985," p 257.
10. See, for example, K.G. Susanyan, "Araviyskiye gosudarstva i vneshneekonomicheskaya strategiya SShA" [The Arab States and U.S. Foreign Economic Strategy], Moscow, 1986, pp 137-138.
11. ENERGY, March-April 1985, p 506.

12. The basic price level, which is now calculated with a view to six grades of oil exported by the members of this organization and one grade of Mexican oil, has been established at 18 dollars a barrel, and the difference in prices depending on quality can reach 2.65 dollars.
13. PRAVDA, 22 January 1987.
14. The Unocol plant in Colorado, the only one of the enterprises of this kind that were planned at the time of the energy crisis, began producing around 540 tons of oil a day from shale in 1986.

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## PRO- AND ANTI-AMERICANISM IN FRG

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 87 (signed to press 15 May 87) pp 25-34

[Article by A.A. Trynkov and S.Yu. Grigoryan]

[Text] The parliamentary elections in the FRG on 25 January of this year were a test of strength for more than just the parties of the ruling coalition, CDU/CSU and FDP, on one side, and the opposition, represented by the SPD and the Green Party, on the other. In the broader context this was a confrontation between the supporters of the Kohl government's pro-American policy line and the opponents of this line, those who believe that the national interests of the FRG demand greater autonomy in the pursuit of Bonn's policy. In view of the fact that these demands are interpreted by FRG and U.S. ruling circles as a sign of hostility toward Washington, their supporters, whether they are members of the peace movement, advocates of neutrality, or simply people who assess the need for detente and disarmament realistically, without any consideration for conventions or conditions, are considered to be anti-American by these circles.<sup>1</sup> This means that the dissatisfaction of part of the West German public with the foreign policy line of the American administration and with the policy line of the Kohl government, which is a copy of the U.S. line in many respects, is interpreted as anti-Americanism in the FRG.

This does not mean, however, that anti-Americanism in the FRG is necessarily hostile to the American people, their traditions, their customs, and so forth, although this is sometimes the case, particularly among citizens with nationalist views and members of neo-Nazi terrorist groups. Therefore, anti-Americanism in the FRG represents a wide-ranging--from the extreme right to the extreme left--public movement in favor of new guarantees of the country's military and economic security, freedom in the foreign policy sphere, and greater consideration for its national interests.

The accumulation of potentially anti-American feelings in the FRG has reached its highest point during Reagan's term in office. Just as political observers in the West had predicted, relations with the FRG became Washington's most pressing foreign policy problem as soon as Reagan arrived in the White House. The restriction of Bonn's freedom of action in relations with socialist states was immediately sensed on the Rhine. More than 70 percent of the population of the FRG soon advocated an independent foreign policy for this country in

the East. The proportional number of supporters of FRG neutrality rose from 33 percent in 1981 to 57 percent in 1983.<sup>2</sup> Even the neo-Nazi NPD is basing its new tactics on the principles of neutrality and "equidistance" from both blocs. In the words of H. Kohl, many people in the FRG are "giving the matter of German neutrality serious consideration. These are people on the left (including SPD members) and on the right. I think this is dangerous. This is a cause for genuine alarm."<sup>3</sup>

The tendency toward mounting anti-American feelings in the FRG in connection with Reagan's tougher foreign policy line has even been corroborated by American experts. For example, renowned political scientist G. Craig noted that the younger generation of FRG citizens is not "dazzled by America" in the way that many West Germans were after the war. The "American model" has meant almost nothing to them ever since Reagan arrived in the White House. His administration's line of confrontation forced West Germans to take a more discerning look at Washington's foreign policy actions. In their opinion, the Soviet Union, which experienced the misery of war, is pursuing a more cautious policy than the President of the United States, "who fought only on the screen." In this respect, Craig concludes, "the Germans are closer to the Russians than to the Americans."<sup>4</sup>

Even during the earlier election campaign in 1983, H. Kohl had to promise to remove the "ambiguities" from relations with the United States, signifying the elimination of the causes of anti-American feelings in the FRG. According to the leaders of the FRG and the United States, the chancellor kept this promise. The chancellor himself has used a pat phrase to describe FRG relations with the United States, optimistically stressing that "they are better than ever." "Our relations with the FRG are excellent," Reagan agreed.

This kind of bravado is discordant with the more discreet statements made by members of the other party in the ruling coalition--the FDP. Some of its leaders with a direct connection to national foreign policy admit the existence of "significant differences of opinion" between Bonn and Washington. According to FRG Foreign Minister H.D. Genscher, "instability and cross-purposes" are characteristic of American-West German relations.

The opposition SPD leaders largely agree with H.D. Genscher's assessment of the current state of U.S.-FRG relations. Many in the SPD view the current Bonn leaders' efforts to emulate Washington as an alarming sign that the FRG is turning into a "vassal of the United States."<sup>5</sup>

Where can Bonn's pro-American orientation actually be seen?

Above all, in relations with the socialist countries. The emulation of the United States under H. Kohl has made Bonn diplomacy incapable of pursuing an independent policy in the East. In the words of authoritative expert on Eastern policy, P. Bender, "Kohl has conducted his Eastern policy only half-heartedly, but he has acceded to all of Washington's wishes wholeheartedly. It is not surprising that Bonn's political influence has been seriously undermined in the East and in the West." People in the FRG Ministry of Foreign Affairs admit, according to DER SPIEGEL, that West Germany is to blame



for the failure to "turn over a new leaf" in relations with the Soviet Union. In many matters, Bonn has been satisfied with only the role of an interpreter or an understudy between Washington and Moscow, without making any constructive moves.<sup>6</sup> When H. Kohl was interviewed by SUEDEUTSCHE ZEITUNG at the beginning of this year and was asked whether he had any concrete plans for the immediate improvement of relations with the Soviet Union and the resumption of dialogue, he could not reply in definite terms.<sup>7</sup>

In a governmental statement of 18 March 1987, H. Kohl again verbally stressed the "central significance" of better relations with the USSR to the FRG, but did not propose any specific measures for their improvement.

A more precise program of action in this field has been proposed by the FDP. It is the opinion of H.D. Genscher that the FRG should not be a mere observer of the development of U.S.-USSR relations but should once again represent the "locomotive" of mutual understanding between the West and the East. With a view to West German industry's interest in establishing joint enterprises with the USSR, Genscher said that as far as economic cooperation with the USSR is concerned, it will be necessary to make use of the "great opportunities that were not used in the past and to find new forms of cooperation."

This need is now being realized in the right wing of the ruling bloc. Chairman A. Dregger of the CDU/CSU faction recently advocated the "further expansion of economic cooperation with the USSR." The government of the FRG, the 20 February 1987 issue of the newspaper KIELER NACHRICHTEN remarked, "has no reason to turn its back on the USSR. Each step toward detente is also in the interest of the FRG."

There have been no significant advances in FRG-GDR relations yet. In this sphere as well, Bonn is experiencing strong pressure from Washington. Assistant Secretary of Defense R. Perle, for example, has repeatedly demanded that the FRG reduce its credits to the GDR and use the money for arms purchases.

Pressure from across the ocean contributes to regular outbursts of nationalist passions in the FRG. H.D. Genscher has had to warn his coalition partners several times about the danger of slipping into the "cold war" trenches and has had to remind them that border debates only make neighbors nervous.

Bonn swallowed Washington's political bait when the American administration proposed the re-editing of the "question of borders in Europe," the Yalta and Potsdam agreements, the "problem of the unity of the German nationality," etc. Bonn's Eastern policy began regressing--from detente to confrontation. In spring 1986 R. Perle pointedly criticized the security policy provisions in the SPD platform draft because this draft, it seems to Washington, does not "draw sufficiently clear distinctions between the nature of NATO and the nature of the Warsaw Pact and underestimates the role of military strength in foreign policy."<sup>8</sup> A year earlier Ronald Reagan had expressed his displeasure with the SPD position. Although he visited an SS cemetery in Bitburg, he ostentatiously refused a meeting with Chairman W. Brandt of the SPD and the Socintern, an active fighter in the resistance movement against Nazism and winner of the

Nobel Peace Prize. The instigator of this action was R. Burt, the U.S. ambassador in Bonn. The ambassador and the President planned the visit to the FRG in such a way as to have a maximum impact on the outcome of the elections in the country's largest state, North Rhine-Westphalia. Their plan failed, however, when the CDU suffered the most serious defeat of its history there.

Bonn's unconditional support of Washington policy in relations with developing countries, such as Nicaragua, has also caused the FRG to lose prestige in the Third World. There was an echo of "Irangate" in the sale of the West German technical documentation for the construction of two submarines to the South African apartheid regime. Just as in the United States, in Germany leading political figures were implicated in this matter. The Bundestag deputies from the CDU who were involved in the transaction with South Africa pleaded illness to avoid giving testimony to a parliamentary investigative commission.

Bonn also strives to emulate the United States in matters of disarmament. Adhering to the American line emphasizing strength and the arms race, the chancellor, as his governmental statement of 18 March 1987 indicated, is prone to make stereotypical remarks about the so-called "military threat" posed by the Warsaw Pact countries. Although the majority of West Germans had a positive response to the Soviet proposal regarding the elimination of medium-range missiles in Europe (92 percent, according to STERN polls), the chancellor, as the West German BILD of 10 March 1987 reported, was not applauding the Soviet proposal as much as he was warning against the "new danger" of Soviet longer-range operational and tactical missiles and conventional arms. After the chancellor had made these statements, there were even doubts in the U.S. Congress as to whether the government of the FRG had any interest at all in the elimination of American and Soviet medium-range nuclear missiles in Europe. The FDP was the only one of the ruling parties to unequivocally disagree with the suggestion that the resolution of the problem of medium-range missiles should be linked with the simultaneous discussion of the issue of operational and tactical missiles. The pro-American orientation in matters of disarmament has become the cause of serious disagreements in the Bonn coalition. The majority of West Germans believe that the road to a world with fewer weapons, which their chancellor loves to talk about, lies through Moscow rather than through Washington.

Although more than half of the West Germans (57 percent) agreed with the need to renounce nuclear weapons and to reduce military spending, the Kohl government has expressed its willingness to participate in the arms race Washington has initiated in space. The FRG was drawn into the extremely dangerous venture in which the United States has an interest in continuing nuclear tests and renouncing the SALT II treaty. Kohl had to "obediently forget" his earlier statements in favor of a nuclear test ban. As a result, people in Washington began saying, without any consideration for the opinion of the West Europeans, that the testing of nuclear weapons cannot be abandoned as long as these weapons exist, and that the elimination of nuclear weapons would be senseless. Washington has not paid any attention to Bonn's demand for a "narrow interpretation of the ABM Treaty" either.

Many members of industrial circles in the FRG believe that the SDI, "by devouring billions of dollars," will make the American promises to take measures to raise the exchange rate of the dollar impracticable. And this, as some speakers remarked at the recent Paris meeting of the finance ministers and central bank directors of the seven leading capitalist countries, will mean that Washington will continue its efforts to solve its own monetary problems at the expense of its allies, especially the FRG, which is constantly being asked to speed up its industrial growth and take on the role of a "locomotive" capable of pulling the Western economy out of its state of crisis.

People in these same circles admit that cooperation within the SDI framework could be more injurious to the West German economy because the stricter control of technology exports to the CEMA countries can be expected. Restrictions of this kind have already hurt the FRG. Many contracts which became inaccessible to West German firms were seized by competitors from neighboring countries unfettered by COCOM bonds. This had an injurious effect on the priority the Soviet side had once assigned to its reliable West German trade partners and their technology. The SDI and the technology boycott, members of industrial circles in the FRG believe, "will not bring the Russians to their knees." Broad-scale cooperation with them, however, could mean economic growth and jobs for the FRG.

In the matter of the SDI, West German correspondent H. Wagner remarked, the Americans have proved to be "far from disinterested friends of the FRG. They do not plan to establish a two-way street in technology exchange in connection with the SDI. West German production secrets will have to be turned over to the American side without restriction." Furthermore, the FRG will have to assume a sizeable share of the financial expenditures and curtail its profitable Eastern trade in line with American wishes. The sovereignty of the FRG will be restricted to meet the "elder brother's" wishes.<sup>9</sup>

In military matters the SDI project could create a "zone of unequal security" in the NATO sphere of responsibility: Only the United States will be covered by the "impermeable space shield." Realizing this, Bonn suggested the "European Defense Initiative" (EurDI) with the aim of using the "military aspects" of the West European "Eureka" project.<sup>10</sup> The FRG's participation in these projects, however, could put it in the position of a valve directing the flow of advanced scientific and technical achievements from Western Europe across the ocean, where people are less interested in giving their allies access to the latest technology than in obtaining access to their discoveries. All of this could undermine the trust of EEC partners in the FRG.

This turn of events is unlikely to please Bonn. According to the 4 February 1987 issue of France's *LE MONDE*, "the FRG Ministry of Foreign Affairs and some of the country's leaders who were recently accused of conducting an excessively pro-American policy believe that Europe should take the most prominent place in Bonn's foreign policy in the next 4 years."

Even in this area, however, the West German side should be prepared for intervention by Washington. A prelude to this was already heard at the beginning of the year at the annual conference of the Wehrkunde military-scientific

society in Munich. American Ambassador R. Burt asked the allies to cut EEC agricultural grants by a third and to use the money for the modernization of NATO conventional arms.

The pro-American policy line of the Kohl government gives Washington opportunities to exert stronger pressure on Bonn for a larger contribution to NATO military preparations. In Burt's opinion, Bonn can and should take part in "defending Western interests" outside Europe--in the Persian Gulf, for example. In line with Pentagon and NATO demands, the government of the FRG gained support for an annual increase of more than 3 percent in military spending. By the terms of the agreement on the Roland and Patriot missiles with Washington, the West German side pledged to spend 2.5 billion dollars on the modernization of the obsolete Nike Hercules and Hawk missiles in the next decade. Bonn plans to begin producing new types of weapons to secure the Bundeswehr's "complete participation" in NATO offensive operations in accordance with the "Rogers Plan" (the concept of an attack on the enemy's second echelon was officially adopted by NATO in December 1984 with the complete support of Bonn).<sup>11</sup>

The CDU/CSU government intends to continue financing U.S. and NATO military preparations. In the words of H. Kohl, the partnership between the United States and the European NATO allies will continue to depend on the Europeans' influence in world politics and on the contribution they--and this, of course, means the FRG too--make to "collective security." The contribution of the FRG is one of the largest. Kohl even calls it "decisive." The Bundeswehr with its half a million servicemen supplies NATO with half of its ground forces in central Europe, 40 percent of its tactical missiles, 45 percent of its tanks, and 47 percent of its "dual-purpose" artillery--for conventional and nuclear projectiles. The Bundeswehr accounts for half of NATO's land-based ABM equipment, 30 percent of its airborne forces, and 70 percent of its navy and 100 percent of its naval combat aviation in the Baltic.<sup>12</sup>

Since the United States cannot conceive of offensive operations in Europe without the use of nuclear and chemical weapons, the CDU/CSU leaders followed up their consent to the deployment of American medium-range missiles in the FRG with support for the Reagan Administration's plans to begin the production of a new, binary type of chemical weapon. The Kohl government is trying to pass off its agreement with Washington on the removal of single-component chemical weapons from the FRG by 1992 as a significant diplomatic victory by asserting that it had convinced the United States to acknowledge Bonn's right to veto their replacement with binary weapons. The victory was Washington's, however, because the agreement gives the United States the right to deploy these weapons in the FRG in "crisis situations." Besides this, the White House is also soliciting promises from other NATO allies to accept the new generation of American chemical weapons.

This means that there will be more weapons in Western Europe than there are today. According to the data of the New York Center for Military Research and Analysis, however, at this time "the United States and NATO are still superior to the USSR and the Warsaw Pact."<sup>13</sup>

The priority Bonn, following Washington's example, began assigning to the military aspects of its foreign policy is undermining its international prestige



as the once leading advocate of detente. Under the Kohl government, the FRG has assumed much of the responsibility for the new round of the arms race and has supplied Washington with additional tools to demolish detente in Europe.

Bonn's vigorous efforts to build up the fighting strength of its own troops so that it can contribute more to NATO military preparations have not brought it any closer to its goal of stronger influence in military and political decisionmaking in the White House. As the results of the elections to the Bundestag demonstrated, the pro-American policy line without sufficient consideration for national interests did not guarantee stronger voter support but did arouse stronger anti-American feelings in the voting public.

Analyzing the reasons for the mounting anti-American feelings in the FRG, official spokesmen for both countries have tried to oversimplify the problem by alleging that American-West German relations have "suffered" only in the sphere of public opinion and that even this can be blamed on "tendentious reports" in the mass media. In the FRG they have been too eloquent in describing the actions of the American soldiers breaking up West German peace demonstrations; Americans, on the other hand, have often been treated to the sight of terrorist attacks on American barracks in the FRG.

Proceeding from this explanation of the causes of anti-American feelings and their negative implications, reflected in anti-West German feelings in the United States, the two sides have taken great pains to develop contacts between the public in the United States and the FRG. For example, coordinators are working on the normalization of bilateral relations. One of their main duties is work with the American soldiers in the FRG. This, however, has not had the anticipated impact. After all, the discontent of the American soldiers extends to more than the pacifist demonstrations at the gates of their bases or to cases of discrimination by beer hall owners. They are also annoyed by their alien surroundings, the unfamiliar customs, the high cost of housing and services, and the impossibility of finding jobs for family members, as a result of which many of them indulge in drugs or alcohol. It is unlikely that the coordinators can do much to help them in these matters.

The endless maneuvers of the American armed forces (5,000 a year),<sup>14</sup> the belligerent behavior of the American servicemen, and their incessant demands for housing, six times as great as the West German norm, arouse the resentment of West Germans. In the southwestern part of the FRG alone, where the cities and towns have been inundated with U.S. Army demands for new plots of land, around 20 civic initiative organizations have been formed and are opposing the plans for the construction and enlargement of bases under the slogan "Not one square meter for the U.S. Army!"

The increasing number of crimes committed by American soldiers is arousing increasing resentment. American servicemen frequently start fights, including fights with their colleagues in the Bundeswehr, and commit robbery, rape, and acts of hooliganism with the aid of weapons and military equipment. The Americans rank highest among the foreign troops in the FRG (725,000 people, including family members) in terms of the accidents they cause. In 1983 the damages caused by Americans, according to the French magazine EVENEMENTS DU JEUDI, amounted to more than 100 million marks. The moral damages caused by



the accident with the Pershing 2 missile near Heilbron in January 1985 cannot be calculated in monetary terms.

The low morale of U.S. servicemen is reflected in the widespread speculation in drugs and the illegal trade in alcohol, tobacco, and radios. Taking advantage of the duty-free status of these goods, American soldiers sell them at prices below the prices in West German stores, thereby encouraging speculation in the FRG. In 1983 alone, these operations cost West Germany 15 million marks.

The behavior of American soldiers has increased the number of armed demonstrations against U.S. military installations in the FRG by West German "urban guerillas" and other terrorist groups. A definite cause-and-effect relationship has been discovered in recent years: These demonstrations have been a response to Washington's acts of international robbery in the developing countries, especially in Central America and the Middle East. Official propaganda in both countries ascribes anti-Americanism exclusively to "leftist" organizations in the FRG, but there is also an anti-American thrust to the actions of rightwing extremist, neo-Nazi organizations, which are inclined, according to the NEW YORK TIMES, to regard the American troops as "occupation forces." The neo-Nazi NPD has announced that it will not accept H. Kohl's "policy of subordinating the FRG to the U.S. interest." The anti-American actions of the terrorists have made conditions for U.S. servicemen in the FRG much more difficult. They and their families, DER SPIEGEL reported, live in an atmosphere of fear and depression.<sup>15</sup>

The adventuristic foreign policy line of the U.S. administration could have the most negative international implications for the FRG. The diversified network of American military installations on West German territory (220 bases and 2,700 nuclear carriers)<sup>16</sup> alone will turn it into the target of a retaliatory strike in the event of war, the possibility of which is not being excluded in Washington and is being prepared for by the U.S. Army, which is perfecting its new offensive "air-and-land-battle" doctrine in the FRG. This is a sign of contempt for Bonn's opinion. In February 1987 the Americans denied Genscher's request for advance notification of the start of maneuvers by the 5th Army Corps deployed in the FRG and for the invitation of observers from the socialist countries.

The anti-American feelings of large segments of the FRG population are probably much more dangerous for Washington than terrorist bombs or the resentment the burghers feel for the drunken American soldiers. This is why the American side is making a desperate attempt to direct these feelings into anti-Soviet channels. To this end, falsified accounts of events in Afghanistan and Poland are being disseminated, the facts of the incident involving the South Korean airliner in fall 1983 and the accident at the Chernobyl plant in April 1986 were distorted, and the revival of revanchist tendencies has been undertaken.

But Washington's police functions in world affairs, performed with the support of the FRG Government, are only contributing to the mounting anti-Americanism. According to surveys, "extremely anti-American" views were expressed by

14 percent of the West German citizens in 1982 and 19 percent in 1984, 17 percent would approve of the withdrawal of U.S. troops from the FRG, and 24 percent would not care if the troops were to be withdrawn. Only 37 percent favored a "onesided reliance on the United States," while 49 percent preferred "equal" relations with the United States and the USSR; 48 percent believe that Washington is striving for military superiority.<sup>17</sup>

During a meeting in Washington in October 1986, H. Kohl and R. Reagan had to admit that they were extremely worried about the mounting anti-American feelings in the FRG. In a joint statement they announced the expansion of the student exchange program (although it had already tripled as soon as H. Kohl took office). A bilateral council on student exchange was set up for its further development and coordination.

The anti-American activity of terrorists in the FRG was a matter of great concern at the talks. The two sides signed an agreement on the extradition of terrorists acting "on political motives." These terrorists were not extradited in the past, but most of their actions in the FRG have recently been of an anti-American--i.e., political--nature. Now that "Irangate" has deprived the United States of its moral right to lead the fight against terrorism, many West Germans are feeling the need to rely less on Washington in this sphere.

As Chancellor Kohl himself stressed during his visit, there is still an "uneasy friendship" between the Americans and the West Germans. Dissatisfaction with Washington policy is widespread among the members of opposition parties in the FRG.

The SPD elaborated a security concept renouncing, in the words of respected party leader E. Barr, the "onesided policy" of emulating Washington. In the sphere of conventional arms, Barr proposed the creation of a 300-km corridor on the territory of the FRG and the GDR, from which all heavy weapons, including tanks and helicopters, would be removed. This would eliminate the "threat of invasion" and would make the concentration of troops "for a surprise attack" impossible.

Prime Minister O. LaFontaine of Saarland proposed the revision of the NATO structure to prevent the use of military bases in the FRG by the Americans in the event of an armed conflict between the United States and states in other parts of the world. In his words, the FRG should define its own national interests in the sphere of security.

The Social Democrats believe that, because more weapons of mass destruction are concentrated in the FRG than in any other country in the world, their numbers must be reduced. In their opinion, this could be achieved in a relationship of equality with the United States rather than submission to it. This was the general import of the statements made at the SPD campaign congress in August 1986. It is interesting that an American newspaper, THE WALL STREET JOURNAL, described this congress as an "orgy of anti-Americanism,"<sup>18</sup> interpreting the criticism of the CDU/CSU as references to Washington and thereby completely equating the policy lines of R. Reagan and H. Kohl. In the opinion of American foreign policy experts, the SPD is "openly hostile" to the Reagan Administration and has subjected it to the "most pointed criticism."<sup>19</sup>

Kohl has accused the SPD of promoting the spread of anti-Americanism in the country. The Social Democrats acknowledge, however, the "central significance" of relations with the United States. They do not deny the need for a stronger alliance with the United States and for a stronger position in NATO for the FRG, but they put more emphasis than the CDU/CSU on national and West European interests.<sup>20</sup> Without questioning the FRG's membership in NATO, they want their country and Western Europe as a whole to take part in international affairs not simply as an appendage of the United States, but as independent entities and partners respected in the East. Whereas the CDU/CSU feels that the non-nuclear status of the FRG justifies the lack of any alternative to its dependence on the United States, the SPD and the groups backing it up see an alternative in an independent policy line, especially in cooperation with the East even in the sphere of "security policy."

The Green Party has taken a particularly intransigent stand on Washington's adventuristic policies. Its members have vehemently condemned the U.S. intervention in Grenada and Libya. Around 90 percent of the supporters of the Green Party called Reagan's decision to bomb Libya unlawful. According to the WASHINGTON POST, the Green Party statements against the medium-range missiles in Western Europe are permeated with overt anti-Americanism. The party's "Peace Manifesto," the newspaper commented, is stated in terms "full of poison and hatred for the Yankees" and is aimed "directly at Uncle Sam."<sup>21</sup>

The Green Party has demanded the immediate cessation of the deployment of American medium-range missiles in the FRG and the dismantling of already deployed missiles, because, as many party members feel, the deployment of American missiles is undermining the existing balance of power between the two military blocs in the sphere of nuclear arms.<sup>22</sup>

In their numerous campaign statements prior to the January 1987 elections, Green Party spokesmen repeatedly requested the United States and other Western countries for a constructive response to the peace initiatives of the USSR and its allies. This party has a positive opinion of the proposals put forth in M.S. Gorbachev's statement of 15 January 1986, describing it as the beginning of a new phase in the Soviet Union's policy of disarmament. Co-Chairman L. Beckmann of the Green Party remarked that the Soviet initiatives had impressed his party greatly and that some of the proposals in the Soviet peace program were identical to Green demands. The implementation of the Soviet proposals would be of "great importance to the cause of peace." The Green Party also applauded M.S. Gorbachev's statement of 28 February 1987, which paved the way for the elimination of medium-range missiles in Europe. According to surveys, party members are more likely to ascribe a love of peace and wish for mutual understanding to the USSR than to the United States.

Green Party documents state that the United States is striving for military superiority to the Soviet Union: "We want the FRG to denounce the militarist foreign policy of the United States and to withdraw from NATO."<sup>23</sup> Just before the elections to the Bundestag, the party demanded the withdrawal of foreign troops, especially Americans, from West German territory. Two-thirds of the supporters of the Green Party would approve of the immediate withdrawal of U.S. troops from the FRG. They have been striving consistently for the

FRG's refusal to participate in the SDI, EurDI, and Eureka project. According to the Greens, from the political standpoint the FRG's participation in the SDI will make it responsible for the beginning of a new round of the arms race, and from the economic standpoint it will require billions in expenditures and will lead to a situation in which "several future generations will have to finance this madness."<sup>24</sup> In their opinion, a foreign policy independent of Washington would be in the national interest of the citizens of the FRG.

The victory of the Greens in the last elections to the Bundestag attests to the mounting dissatisfaction with the ruling coalition's pro-American policy line.

Therefore, the line pursued by the Kohl government has given rise to two new and extremely difficult problems: In addition to stifling the anti-American feelings of voters, it has to neutralize the ruinous effects of its own pro-Americanism, which is giving the United States additional leverage.

The Kohl government has been unable to accomplish the promised "spiritual and moral turnabout" in relations with the United States. Washington's attempts to impose its will, its way of thinking, its behavior, and its way of life on the West Germans, the "excessive Americanism" of the Reagan Administration, and the pro-American line of the current FRG government have only strengthened the opposition and created fertile soil for the growth of anti-Americanism. The Kohl government is caught between the pro-Americanism it preaches and the anti-Americanism of most of its electorate.

The pro-American orientation of the Kohl government was one of the reasons for the loss of more than 2 million votes by the CDU and CSU parties. The foreign policy line of the FDP, putting more emphasis on the national interests of its country than on Washington's demands, turned out to be more popular with the West Germans. Now people in Bonn have to admit that strong forces supporting this line exist even in the CDU. The pro-American lobbies--the FRG Ministry of Defense and the rightwing conservative "Steel Helmet faction" in the Bundestag--will continue to resist this policy. Time will tell which of the two tendencies is stronger.

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## UN CONVENTION ON LAW OF THE SEA AND U.S.

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 87  
(signed to press 15 May 87) pp 44-52

[Article by R.F. Fedorov; passages rendered in all capital letters are printed in boldface in source]

[Text] The UN Convention on the Law of the Sea has now been open for signature for 5 years. It has already been signed by 159 states, including U.S. allies--France, Canada, Japan, and Australia. The United States, however, has not only refused to sign it but is also trying to undermine this international legal document of major importance, a document adopted in 1982 as a result of many years of work by the Third UN Conference on the Law of the Sea and of mutually acceptable compromises reached at the forum on all major aspects of the law of the sea.<sup>1</sup> Furthermore, the U.S. administration is trying to impose its obstructionist approach to the convention on other states.

"In essence, and this is discussed openly," a Soviet government statement of 23 April 1983 said, "it wants to have the kind of framework that would be free of political and economic restrictions with regard to the extraction of minerals from the sea-bed and ocean floor in regions not under the jurisdiction of any particular country."<sup>2</sup>

Washington began taking unilateral action in the prospecting and exploitation of mineral resources in the international region of the sea-bed on the basis of its own national legislation and separate agreements with other Western countries. For example, the convention was violated when the National Oceanic and Atmospheric Administration of the U.S. Department of Commerce issued licenses to several consortiums for the exploitation of manganese concretions in sections of the international region of the sea-bed in the Pacific Ocean. The United States is also undermining the convention by concluding a series of "mini-conventions" to counterbalance this international agreement. The so-called "provisional agreement on deep-sea regions of the ocean floor," signed in Geneva on 3 August 1984 by the United States, the FRG, Great Britain, Italy, Belgium, France, Japan, and the Netherlands, effectively became one of these. In this way, Washington is trying to legalize the attempts of several monopolies to seize and partition the most promising sections of the international region of the ocean floor in circumvention and violation of the UN convention.

On 10 March 1983 Ronald Reagan published a declaration on the exclusive U.S. zone and a statement on U.S. maritime policy. The declaration made reference to the U.S. Government's desire to "facilitate the reasonable development and use of ocean resources in accordance with international law" and declared the "sovereign rights and jurisdiction of the United States" within an exclusive economic zone extending 200 miles from the initial boundary of U.S. territorial waters, and it then set forth the legal provisions governing this zone.

The statement, which was made by the President "to promote the maritime interests of the United States and defend them," referred specifically to the intention to continue observing American laws pertaining to behavior on the open seas and the existing provisions of American government agencies. The exploitation of minerals on the sea-bed and ocean floor was declared a matter of freedom of action on the open seas.

The many references to the UN convention and the mention of "just results" and "common interests" in Reagan's statement cannot conceal the fact that this is actually a matter of plans to make arbitrary use of the convention, involving the selective use of only the provisions pertaining to the "traditional use of the seas" that are in the U.S. interest and do not conflict with national legislation.

By confirming the U.S. intention to continue violating part of the 11th convention and to make selective use of other provisions, particularly those pertaining to the economic zone, Reagan officially announced the plan to undermine this extremely important document. As the Soviet government statement of 23 April 1983 stressed, "any attempts to arbitrarily choose some provisions and discard others will be incompatible with the legal framework established by the convention and will be directed against the legitimate interests of other states.... The actions of the current U.S. administration are nothing other than an attempt to foment chaos in the use of the maritime expanses and undermine the bases of mutually beneficial cooperation by countries in this vitally important sphere of human activity."<sup>3</sup>

Judging by all indications, the U.S. struggle against the convention has entered a new phase. Now the White House is trying to prevent its enactment. To this end, the Reagan Administration is trying to act as if there were no international agreement on the international region of the sea-bed and its resources. It is trying to legitimize anarchy and arbitrary behavior in this sphere and, without considering anyone else's opinion, is trying to take control of the regions of the greatest strategic and economic significance.

Attempts are simultaneously being made to denigrate and misrepresent the UN convention's importance as a single and integral legal document (or "package") in which all of the provisions are indissolubly connected. The United States refers to the convention as some kind of collective document, incorporating diverse provisions of maritime law, primarily the conventional provisions that any state can use selectively, without taking on any special obligations.

Substantiating the U.S. "right" to make use of the provisions of the convention in this manner, a U.S. State Department spokesman at an international

seminar in Honolulu (Hawaii) in January 1984 declared that the conference could not adopt an agreement establishing any kind of obligations for a state against its objections, because the acceptance of any law as a common standard depends on the will of the government of each particular state. The underlying meaning is quite clear: Is it worthwhile to take on the obligation of observing convention provisions that might be burdensome at times, when they could be declared common law or traditional practices and then be used selectively, at the state's own discretion? Why then, the question arises, should the convention be signed at all, not to mention ratified, and why should so much effort be made to ensure its enactment?

This is not a matter of custom, but of negotiated standards strictly regulated by existing international law. For example, in accordance with the 1969 Vienna convention on international treaties, the UN Convention on the Law of the Sea already assigns quite definite obligations to its signatories. The states remaining outside the convention (for example, the United States and some of its partners) are not, on the other hand, granted any rights to make use of its privileges and benefits.

It is interesting that in its attempts to create the impression that the United States is adhering to the convention provisions pertaining to traditional ways of using the seas, Washington insists that this will not affect the enforcement of corresponding laws by U.S. government agencies. This is a clear attempt to make the incompatible compatible. Is it possible to seriously discuss the intention to observe convention provisions on the basis of hopelessly outdated or absolutely contrary legislative acts? But this is precisely what the United States is saying. This is a case of the American side's efforts to counterbalance convention provisions with its own legislation and even to bring the law of the sea "into conformity" with it, thereby forcing the entire world to live by U.S. laws. And this is being done at a time of intense and widespread efforts to bring the maritime legislation of states in line with convention provisions, a process whose importance was underscored by the UN secretary-general in his speech at the 40th session of the UN General Assembly.<sup>4</sup>

It must be said that the universal nature of existing maritime law also conflicts with Washington's references to "mutuality" in matters concerning the recognition of the rights of other states.

The United States has turned a presidential directive, aimed at replacing international law with "fist-law," into the basis of its maritime policy. The U.S. Navy is being used as the main instrument of this policy. Admiral J. Watkins, speaking for the U.S. naval command, asserted that peace on the seas is a matter of force, writing: "By means of its presence in all parts of the world in peacetime, the U.S. Navy strengthens its deterring influence there each day. Our deployment on advance frontiers secures U.S. access on favorable terms to oil and other necessary resources and markets."<sup>5</sup>

This is nothing other than an attempt to revive the forceful methods of colonial days in today's world, where all states have equal access to the seas and their resources on the basis of cooperation within the framework of

the principles and standards of maritime law. This strategy has not only been announced, but is also being generously financed by the White House. Naval expenditures have almost doubled since 1981--from 58 billion dollars in 1981 to 104.5 billion in 1987.<sup>6</sup> The Pentagon has been allocated huge sums for the purpose of "maintaining enough naval strength to secure the deployment of U.S. armed forces in crisis zones overseas, to defend our interests... and to secure permanent access to the most important resources."<sup>7</sup>

Washington emissaries representing the Reagan Administration at different levels in spheres connected with the use of the seas are trying to create the impression that the United States is rejecting only that part of the 11th convention that concerns the international region of the sea-bed and its resources while recognizing the rest of the document's provisions as compulsory standards of traditional maritime law (they prefer not to mention the many conditions Reagan has stipulated with regard to this recognition). These attempts are still being made for the illegal use of the privileges and advantages offered by the convention and for a demonstration of U.S. "loyalty" to this document, which is widely supported and acknowledged in the international community. We should take at least a brief look at the real U.S. attitude toward some of the most important institutions of maritime law covered in the convention.

**TERRITORIAL WATERS AND THE CONTIGUOUS ZONE:** This part of the UN convention is virtually a repetition of the provisions of the 1958 Geneva Convention on the Territorial Sea and the Contiguous Zone, with a few additions and clarifications which do not change their meaning. The United States has systematically and deliberately violated these provisions, including the commonly accepted principle of the sovereignty of the littoral state over its own territorial waters. The Reagan Administration has unthinkingly armed itself with an idea the Pentagon advanced back in 1979, the idea that when the United States violates the territorial waters of foreign states, it is reaffirming its position with regard to the 3-mile limit on territorial waters.<sup>8</sup>

The 12-mile limit, however, became a commonly accepted standard of maritime law long ago, and the United States has not only supported this standard at the conference but has also officially proposed that it be recorded in the convention.<sup>9</sup> Now, however, it is violating this standard and is thereby demonstrating its own inconsistency and inconstancy in this matter. On 13 March 1986 American naval ships violated the USSR's state borders in the Black Sea near the southern Crimean coast. State Department and Pentagon spokesmen justified this provocative action with references to the right of peaceful passage through territorial waters, but international law gives the littoral state the power to establish routes for peaceful passage and to decide whether the passage of a foreign ship or vessel is peaceful and allow or disallow it on this basis.

Threats to use force and the collection of information to the detriment of the littoral state's defense are at the top of the list of actions categorized by international law as incompatible with peaceful passage. The 1958 Geneva convention proceeds from this assumption, and the 1982 UN Convention on the Law of the Sea refers to this directly. The ships of the U.S. Navy, as the



American press admitted, were pursuing precisely these hostile goals, forbidden by international law, and for this reason there are not and cannot be any excuses for their intrusion into the territorial waters of the USSR.

Washington's questions about the right of littoral states to declare certain bays or gulfs historical are completely groundless because this institution is envisaged directly in existing maritime law.<sup>10</sup>

The laws passed in the United States in recent years on the passage of foreign vessels through American waters are also inconsistent with the provisions of existing maritime law and the UN convention. For example, Act 95-474 of 17 October 1978 envisages stricter control over the movement of ships to ensure that "all vessels in navigable U.S. waters meet all structural, equipment, and crew standards and requirements and perform in accordance with maritime operational regulations," which is contrary to §2 of Article 21 of the convention. The American government is granted the right to deny entry to national navigable waters to any foreign vessel violating the provisions of this act. And this is being done at a time when Washington wants its vessels to have the right of unrestricted navigation in the territorial waters of other states, regardless of their legislation.

The 1930 Tariff Act declared the waters extending 4 leagues (that is, 12 miles) from the American coast a commercial zone, and the 1935 Act on Smuggling envisages the establishment (by a presidential decision) of a customs zone extending up to 50 miles from the outside boundary of the U.S. commercial zone. For the sake of comparison, the contiguous zone, in which maritime law allows this kind of control, can extend only 12 miles in accordance with the 1958 Geneva convention (or 24 miles in the UN convention).

**STRAITS USED FOR INTERNATIONAL SHIPPING:** The United States is constantly abusing the provisions of the UN convention and existing international law on these matters. Its naval ships frequently sail through straits not used for international shipping and its planes fly over them. Even the United States' NATO allies do not approve of these actions. In July 1983, for example, the Greek Government requested the United States to inform it in advance of planned flights by U.S. military planes through Greece's air space. On 22 October 1985 the Government of Greece vehemently protested the violation of its air space near the island of Scyros by planes from the aircraft carrier "Saratoga."

According to the American press, the United States and Canada have serious differences of opinion with regard to the use of Canada's Arctic straits (the Northwest Passage). Although these straits are not used for international shipping, the United States is insisting that Canada grant it the freedom to use these ecologically vulnerable waterways.<sup>11</sup>

It is treating the WATERS OF ARCHIPELAGO STATES in the same way as the aforementioned straits, trying to make illegal use of the right of unimpeded passage that is granted only to convention signatories.

**THE ECONOMIC ZONE:** Although the Reagan Administration made references to international law when it established its 200-mile economic zone, this action

was fundamentally unlawful, and the regulations governing the U.S. economic zone are inconsistent with those stipulated in the UN Convention on the Law of the Sea.

According to the 1969 Vienna convention on international treaty law, when the United States refused to sign the UN convention it lost the right to even temporary coverage by this document or any part of it.

The presidential declaration of 10 March 1983 on the exclusive U.S. zone was a departure from the UN convention provisions on fishing. It effectively grants fishing rights in the 200-mile zone only to American citizens.<sup>12</sup>

American laws with regard to the littoral state's competence in the economic zone on matters not connected with resources (research and pollution control) also differ substantially from the convention provisions. The situation is being complicated by the U.S. intention to settle disputes over activity in the economic zone in its own national courts instead of on the basis of international procedure. Even the American experts who justify the establishment of the 200-mile economic zone in principle are worried that the implementation of U.S. legislation could give rise to disparities between the regulations governing this zone and the convention provisions.<sup>13</sup>

**THE CONTINENTAL SHELF:** As a signatory of the 1958 Geneva convention on the continental shelf which has refused to accept the new convention on the law of the sea, the United States cannot declare the part of the sea-bed beyond the continental slope (or geological shelf) its own shelf, particularly in view of the White House press release of 28 September 1945 establishing its boundary at the isobath of 100 fathoms--that is, at depths of around 200 miles.<sup>14</sup> Before the beginning of the UN Conference on the Law of the Sea, however, the United States supported the idea of the underwater continental borderland, envisaging the establishment of shelf boundaries at depths of 3,500 meters or more and at considerable distances from shore (this idea lies at the basis of the definition of the shelf in the convention).<sup>15</sup> What is more, the U.S. State Department not only envisaged this possibility, but also calculated the possible shelf area with the inclusion of the underwater continental borderland.<sup>16</sup> Now, however, when the United States differentiates between its own shelf and that of neighboring states, it proceeds from the boundaries stipulated in the convention, which it can employ only if it signs this document. American authors have correctly made reference to the contradiction between existing U.S. legislation on the continental shelf and the corresponding convention provisions.<sup>17</sup>

According to the SECTION OF THE CONVENTION PERTAINING TO ISLANDS, cliffs which are uninhabitable or unsuitable for independent economic activity have neither an economic zone nor a shelf. In this connection, the validity of U.S. references to the economic zones of the small Pacific islands of Jarvis, Johnston, Palmyra, Howland, and some others is questionable.

**FREEDOM OF THE OPEN SEAS:** No other country in the world makes as many statements glorifying the freedom of the open seas as the United States, but the principle of the freedom of the seas is recognized in the United States only to the degree that it allows its navy to occupy a superior position.

When J. Lehman was secretary of the Navy, he suggested the "encirclement of the Russian fleet" in the territorial waters of the USSR--near Kamchatka and the Kola peninsula--for the purpose of ruling the seas and "organizing a show of strength for the completion of our mission."<sup>18</sup>

Arming itself with theories of this kind, the U.S. Navy flagrantly violates the principle of the freedom of the open seas quite frequently. For example, from 30 December 1983 to 30 January 1984, all ships and submarines in the region of the open seas near the Lebanese coastline were ordered to stay 5 miles away from U.S. ships. Americans have also undertaken such unlawful actions in the Persian Gulf (discussed in the TASS statement of 8 March 1984) and other parts of the world ocean. What is more, the aforementioned "orders" included a demand for obligatory communication with American ships and planes and the threat of taking "measures in self-defense."

A statement issued by the Soviet Association of Maritime Law on 28 July 1984 cited other examples of unlawful U.S. actions. In particular, it said that American naval ships stop foreign merchant vessels on the open seas, demand information about their ports of origin and destination and about their cargo, and commit other illegal and arbitrary acts. What is more, it stressed that "the United States is flagrantly violating the Geneva Convention on the Open Seas, to which it is party, and is ignoring the UN Convention on the Law of the Sea.... The United States is trying to foment chaos in matters involving the use of the seas and to undermine the bases of mutually beneficial cooperation in this important area."<sup>19</sup>

THE DEFENSE AND PROTECTION OF THE MARINE ENVIRONMENT: U.S. laws regulating these matters differ substantially from the standards of maritime law. The laws of the United States proceed from the priority of U.S. jurisdiction with regard to foreign vessels over the jurisdiction of the flag state and from the permissibility of imprisoning their captains and crew members, and do not envisage the procedures for the release of foreign vessels detained for investigations in connection with their pollution of the marine environment.

American experts are worried that the enforcement of U.S. laws not based on international agreements against foreign vessels could give rise to retaliatory actions against American ships.<sup>20</sup>

Although the United States has set strict standards to defend and protect the marine environment in its own waters, it has taken an extremely carefree attitude toward international obligations with regard to these matters in the open seas and the waters of other states. Between 1946 and 1962 the United States dumped tens of thousands of tons of radioactive waste in the Pacific and Atlantic oceans. While it was testing the nuclear bomb, it turned some atolls of the Marshall Islands into uninhabitable deserts and jeopardized neighboring states. The Pentagon is now considering plans to sink obsolete nuclear submarines with nuclear waste in the Atlantic and Pacific oceans.

As far as the SETTLEMENT OF DISPUTES is concerned, the United States has repeatedly displayed a total disregard for the proper international procedures and a desire to settle its disputes with other states by means of force, as

was the case, for example, in such matters as the historical bays, the outer limits of territorial waters, the meaning of the terms "peaceful passage" and "freedom of the open seas," etc.

The system envisaged in the UN convention for the settlement of disputes is an integral part of the cooperation of states within the framework of this document, securing the just and effective application of its provisions. With a total disregard for this, the Reagan Administration wants to extend the jurisdiction of its national courts to all disputes, without exception, regarding maritime matters and involving the United States or American legal and physical persons. It should be borne in mind that the U.S. judicial system is one of the most complex, convoluted, and biased in the world.

In a description of it, Soviet jurist V.N. Shiyan wrote: "There is the assumption that the admiralty courts can and must be guided by the rules of common maritime law even in matters not regulated by law.... In reality, however, the right of ships to make their own laws is still unlimited."<sup>21</sup>

This means that any legal offense in the open seas or navigable waters, on board a vessel or not, is a matter of admiralty jurisdiction. Furthermore, foreign vessels can be seized and detained to satisfy a victim's claims, even if their magnitude has not been determined. We must agree with the author's remark about the chaotic state of U.S. maritime law and the applicability of F. Engels' statement that the bourgeois legal system, based on a confusing conglomeration of common and statutory law, effectively replaces "legal status" with an absolute lack of legal status.<sup>22</sup>

The approach to international law as a whole in U.S. legislative and law enforcement practices is extremely interesting. Article VI of the Constitution of the United States stipulates that the laws of the United States and all international treaties to which the United States is party are the supreme law of the land. International law is regarded in American doctrine and practice as a matter of the internal competence of the state. This effectively legalizes unilateral violations of the standards of international law. In particular, the U.S. Congress exercises the right to make laws contradicting previously concluded treaties. Besides this, it is common for Senate resolutions approving treaties to include stipulations limiting U.S. obligations and statements in which the provisions of treaties are interpreted and their original meaning is frequently distorted. The attitude toward common international practices is particularly uncerecermonious. Federal agencies have reserved the right to interpret and even to change or make selective use of the common standards of international law.<sup>23</sup> This sheds additional light on the Reagan Administration's attempt to call the UN convention a common law compendium.

Soviet scientists have arrived at the completely justifiable conclusion that "international law is not regarded as an obstacle to the pursuit of U.S. foreign policy, the inconsistency and contradictory nature of which are justified by references to constitutional law, which concedes the possibility of violating the standards of international law."<sup>24</sup>



As far as the U.S. attitude toward the UN convention itself is concerned, this brief analysis completely confirms the conclusions in the Soviet government statement of 23 April 1983 that the United States wants special, unfounded privileges in the world ocean and that the references to Washington's intention to observe some articles of the convention should not mislead anyone. This is only an unscrupulous maneuver, the statement says. Although the United States has not signed the convention and has not assumed any of the obligations connected with it, it wants to make use of the rights and privileges granted by the convention to its signatories in its own selfish interests. It is ignoring the immutable fact that the convention is integral and indivisible.<sup>25</sup>

Washington's real attitude toward the UN convention can be judged by the remarks of the U.S. representatives with whose assistance Reagan made his futile attempts to subvert the work of the Third UN Conference on the Law of the Sea and then to prevent the signing and ratification of the UN convention. Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs J. Malone, who was the special representative of the President of the United States at the UN conference on the law of the sea, wrote an article for the spring issue of FOREIGN POLICY in which he justified the U.S. refusal to sign the UN Convention on the Law of the Sea by stating that it posed a serious threat to American vital interests and security in the world, because "it is hostile to the fundamental principles of political freedom, private property, and free enterprise."<sup>26</sup>

It is obvious, however, that the current U.S. administration's negative attitude toward the law of the sea and toward the UN convention in particular is hardly in the interest of this country. It is difficult to believe that the United States, as one of the leading sea powers, has no interest in business-like and constructive international cooperation in the use of the seas. The maritime problems it is now having so much difficulty solving could be settled easily within the framework of the rules and procedures envisaged in the UN convention if the United States would only sign this document. There is no question that the future belongs to the convention, and the United States will sooner or later have to recognize this document. The only question concerns the length and difficulty of the road it will have to travel before it arrives at this decision.

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## CANADA AND FREE TRADE

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[Article by B.I. Alekhin]

[Text] The Canadian-American trade talks which began in May 1986 on the initiative of Prime Minister B. Mulroney have been going on for more than a year. Although there have been many differences of opinion, the Canadian side is hoping for a sweeping free-trade agreement. Free trade would be convenient for big Canadian capital because it outgrew the small national market long ago and is therefore quite sensitive to all types of protectionist actions by the United States, which already accounts for almost 80 percent of all Canadian exports. Many small business firms also want this kind of agreement. Some are hoping for new contracts from monopolies and others are counting on access to the large U.S. market to stimulate their independent growth. The Conservatives and their allies in the business and political communities want free trade because they see it as a means of establishing the necessary conditions for further attacks on the laboring public's gains and for the reinforcement of the competitive position of monopolies by cutting social services, undermining the labor union movement, deregulating the economy, and privatizing government property.

The current talks are nothing new in Canada's foreign trade policy. Since 1854, when a Canadian-American agreement on mutuality (on duty-free trade in raw materials) was concluded,<sup>1</sup> Ottawa has made an average of one attempt per decade to gain broader access to the U.S. market for its exporters through various kinds of free-trade agreements. Mulroney's "trade initiative" is distinguished by a broad approach to the problem of mutual trade barriers. The current talks are supposed to result in an agreement on the complete elimination of import duties and the minimization of non-tariff restrictions, which now pose the greatest threat to Canadian exports to the United States. What is more, the free trade conditions are to extend to goods and services (financial, transport, etc.).<sup>2</sup> This has created the prospect of another regional economic grouping--the Canadian-American free trade zone.

### The Position of the Business Community

Mulroney's "trade initiative" is an expression of the political will of Canadian monopolist capital, which is becoming increasingly dependent on

foreign sales markets. Between 1960 and 1985 the exported portion of the Canadian GNP increased from 18 to 30 percent.<sup>3</sup> Furthermore, whereas the guarantee of broad and stable access to the foreign consumer was previously of vital importance primarily to companies engaged in the extraction and processing of raw materials, now it is equally important to many producers of finished products, especially machines, equipment, and the products of the electrical engineering and chemical industries (see table).

Percentage Accounted for by Exports in Sales of Canadian Processing Industry

<u>Branches</u>	<u>1966</u>	<u>1983</u>
Food	9.6	11.7
Tobacco	0.5	1.0
Rubber	4.1	17.2
Leather footwear	4.4	8.6
Textile	4.8	6.8
Knitwear	1.8	1.3
Garment	2.2	5.3
Woodworking	38.9	52.0
Furniture	2.1	14.1
Pulp and paper	49.9	52.8
Printing	1.3	5.2
Metallurgy	42.2	49.4
Metalworking	2.7	8.6
General machine building	33.0	58.7
Transport machine building	31.2	84.0
Machine building for electrical engineering	9.2	27.4
Construction materials industry	5.8	11.0
Oil refining	1.0	7.9
Chemical	14.4	24.9

Source: "Canadian Industry in Transition," Toronto-Buffalo-London, 1986, p 9.

This resulted in stronger feelings in favor of free trade in the Canadian business community. A survey conducted by Canadian sociologist M. Ornstein indicated that 60 percent of Canada's big businessmen and 66 percent of the small businessmen were in favor of free trade with the United States at the beginning of the 1980's (27 percent in both groups were opposed to this).<sup>4</sup>

Business associations perform the function of a connecting link or drive belt between the entire class of capitalists and different elements of the political system involved in making and implementing economic policy. Various groups of the bourgeoisie communicate with Parliament, political parties, and the government primarily through these associations. We could say without any fear of exaggeration that most of the government's decisions on foreign trade have been made at the initiative and under the influence of business associations; when the government or the labor unions have taken the initiative, business associations have tried to adapt it as much as possible to the interests of their clients.



Lobbying for the bourgeoisie is now conducted by so many different organizations that no single organization, however powerful it might be, can dictate its terms to the government (in the way that the protectionist customs tariff of 1879 was literally dictated by one such organization--the Canadian Association of Manufacturers). It is also indisputable, however, that some business organizations are capable of achieving more than others. The organization's influence with the voting public and the amount of money it can invest in the informational base of its lobbying efforts depend on the size and number of the corporations making it up. These two parameters--contact with voters and the quality of information--determine the way in which the group is viewed by politicians and bureaucrats. For this reason, the groups with the greatest influence are the "umbrella" or national organizations uniting employers in an entire sector of the economy, exporters, consumers, etc. But even these are not equal in strength. The super-association of this type is the Canadian Association of Manufacturers, the CAM, to which 75 percent of the companies in the processing industry belong. It has always had the last word in the historic argument between the supporters and opponents of free trade. In 1911, for example, this association was the main force keeping the Laurier government from concluding a sweeping free trade pact with the United States.

Judging by the information of the Canadian Committee on Trade and Tariffs, created in connection with Canada's participation in the Tokyo GATT round, the businessmen's alliances taking an active part in foreign trade policymaking also include the Canadian Agricultural Federation, the British Columbia Timber Council, the Canadian Pulp and Paper Industry Association, the Canadian Fishing Council, the Canadian Mining Association, the Canadian Petroleum Association, the Canadian Exporters Associations, the Canadian Importers Association, the Canadian Chamber of Commerce and the Canadian Retail Trade Council. The first seven unite businessmen in the resource sector (agriculture, fishing, and the extractive industry plus branches engaged in the primary processing of raw materials), and the next four unite members of commercial groups, including industrial firms engaged in foreign trade.

The business organizations of the resource sector and the commercial bourgeoisie make up a fairly stable bloc of free trade advocates, because their clients work primarily for the foreign market and have an interest in unrestricted imports of the tools of labor and consumer goods. Some branches of agriculture which concentrate on the domestic market are an exception to this rule (for example, dairy farming, poultry farming, and the produce sector). Besides this, the Canadian Exporters Association unites companies in the extractive industry with a clear export orientation as well as firms of secondary branches of the processing industry, which have a negligible export quota and need customs protection. For this reason, this association is not always consistent in its support of free trade. Nevertheless, according to Canadian economist D. Protheroe, people in Ottawa regard this association as "a highly competent and effective lobbying group, which is not surprising in view of the great importance of the dynamic companies in the resource sector to the Canadian economy."<sup>5</sup> After achieving the mutual cancellation of import duties on their own products and U.S. products (or their substantial reduction) a long time ago, business organizations in the resource sector are now striving to protect their own clientele against American non-tariff protectionism and are advocating an all-encompassing free trade agreement with the United States for this purpose.

This agreement is also supported by organizations protecting the interests of small business and banking capital. "Free trade," declared Chairman A. Berar of the Canadian Bankers Association, "would eliminate all weak sectors, and we would have clients who had survived the period of rapid expansion to new markets, although some firms would have to be extended risky loans. We would be happy to support these clients and give them the funds they need."<sup>6</sup> The association also supports Mulroney's "trade initiative" for another reason: If the two sides should agree on the mutual cancellation of restrictions on the trade in financial services, the strong Canadian banks with considerable experience in this field will have a chance to compete with the American giants on their own territory. Judging by all indications, this prospect does not frighten the Canadians.

Until recently the pressure of forces advocating free trade was counter-balanced more or less by the strong influence of the CAM, which was extremely wary of continentalist initiatives. For example, in 1980 the association announced its "rejection of the idea of free trade" in the form of an all-encompassing agreement with the United States, because this would mean that 60 percent of the Canadian firms would have to reorganize their production radically and that it would eventually weaken Canada's industrial base.<sup>7</sup>

The CAM's reluctance to support the free trade initiatives was due to the influence of corporations working primarily or exclusively for the domestic market and therefore wishing to retain trade barriers. These corporations are predominant in the food, tobacco, rubber, light, and furniture industries and in other branches of the processing sector.

In recent years, however, free trade advocates have been gaining the upper hand even in this association. Rapid technical progress, the liberalization of trade, and the reduction of transport costs have accelerated the neutralization of protectionist elements in this association. After losing their competitive potential, many firms had to arm themselves with an aggressive export orientation. They could no longer count only on the domestic market, even a market protected by a thick wall of import duties and quotas. In short, the intensification of international division of labor broke down the traditional structure of the processing industry and undermined the position of traditional "economic nationalism" among Canadian industrialists. The economic crisis of 1980-1982 in Canada only contributed to this. When the time came for the association to express its opinion again in 1985, it supported the Conservatives' undertaking. "My only complaint," Chairman P. Phoenix of the association said, "is that we are not moving toward this as quickly as we should.... The window to the United States will be open only as long as Reagan is in office.... Therefore, we do not have much time left."<sup>8</sup>

In this way, in the middle of the 1980's a more or less solid front of business organizations in support of the idea of free trade with the United States in the form of an all-encompassing agreement took shape for the first time in Canada's history. Whereas the Canadian Association of Manufacturers had previously used its strong influence to counterbalance the pressure of free trade advocates and this forced the government to carefully calculate the continentalist content of foreign trade actions (to the point of refusing any

further trade convergence with the United States), in the middle of the 1980's the association took a more liberal stance and left the Conservatives free to carry out their "trade initiative." Government arguments in favor of free trade, on the other hand, were the following: First of all, the reorganization of the economy resulting from the cancellation of trade barriers would augment labor productivity and therefore raise the standard of living of the Canadians; second, an all-encompassing free trade agreement would rid employers and workers of the ruinous implications of American protectionism--reduced profits and mass layoffs; third, free trade cannot hurt Canada's sovereignty, government, or culture.

#### Union Opposition

Not all Canadians accept these arguments. Particularly strong opposition has taken shape in the labor movement. The Canadian Labour Congress (CLC), which unites 60 percent of the members of trade unions in the country, made this statement at its 16th convention: "As a labor organization advocating expanded employment, better working conditions, and the stronger independence of our nation, we pledge to fight against free trade between Canada and the United States."<sup>9</sup> Solidarity with the CLC was declared by the overwhelming majority of sectorial and local labor organizations.

This definite condemnation of B. Mulroney's "trade initiative" was not an easy matter for the CLC. A few decades ago the Canadian labor movement was dominated by an association of workers in branches of physical production, primarily industry. The trade unions usually sided with employers, trying to work through Parliament or through political parties to convince the government either to practice protectionism, in the interest of branches working for the domestic market, or to liberalize trade, in the interest of branches where employment depended little on the size of the domestic market. The labor movement, just as the business community, consisted of a protectionist wing and a wing of free trade advocates. It turned out that the CLC was largely in favor of the liberalization of trade, although this was openly and pointedly criticized by many sectorial and local organizations.

What caused the trade unions and business circles to take such different stands on B. Mulroney's interpretation of free trade?

In recent decades the labor movement has been joined by many categories of labor connected with foreign trade only as consumers of imported goods or as the employees of firms selling imported goods. These are the people employed in the service sphere and in government establishments. They established large professional organizations and have constituted the majority of union members for some time now.

The new trade unions have a slightly different view of free trade than the old industrial unions because consumer services and the civil service are what Canadian economists refer to as "non-trading" sectors (the exported share of their products is only one-fifteenth as great as in branches of physical production). In general, the negative effects of the elimination of border trade barriers are of little concern to the clerk or the nurse. On

the contrary, as organizations defending the interests of low-income strata, the new trade unions would be more likely to applaud this move by the government, because there would be more cheap imported goods on the Canadian market. With their clear numerical superiority to the industrial unions, they could force the CLC to take an even more liberal stand on the nature of foreign trade policy. The free trade wing of the labor movement would remain quite strong in any case.

Soon after the beginning of the Canadian-American trade talks, however, it turned out that the U.S. interpretation of free trade involved not only (and not so much) trade without import duties, quotas, and other covert means of discouraging foreign competition. The Canadian side discovered that if it wanted access to the American market it would have to dispense with some extremely important elements of the socioeconomic regulating mechanism, such as preferential government purchases, the so-called market committees (government purchasing organizations operating primarily in agriculture), and programs of social security and of industrial and regional development. In Washington all of these are regarded as channels for the covert subsidization of Canadian exports. The trade unions are particularly worried about the U.S. encroachments on programs of unemployment insurance, medical care, and industrial and regional development. For many Canadians these programs have become an integral part of their means of subsistence. They provide some with job security, others with unemployment compensation, still others with payments to supplement part-time employment, etc. These programs cover both the old and the new trade unions; both have an equal interest in their retention. This is one reason for the opposition to free trade.

The new unions have another reason not to want free trade. Because the service sphere accounts for one-third of American exports, two-thirds of the American GNP, and three-fourths of the jobs in the civilian sector, the liberalization of the trade in services is a matter of great importance to the United States. It was already trying to settle this matter at the Tokyo round of GATT, but it did not win the support of other Western countries, which are afraid of American competition. Under U.S. pressure, the matter was included on the agenda of the current GATT round and the Canadian-American trade talks. The American delegation has already submitted its proposals regarding the liberalization of the trade in services with Canada. Above all, it has insisted that the United States and Canada put an end to all types of discrimination against the other side's firms. Washington is also demanding that the government subsidization of services be abolished, that each side be guaranteed "reasonable access" to the other side's market, and that these conditions be observed equally at all levels of government. Therefore, in the service sphere B. Mulroney's "trade initiative" could also affect the most important concern of the laboring public--job security--and this is why it is being opposed by the new unions.

Besides this, both the new and the old unions see free trade as a threat to Canada's sovereignty and cultural development. Given the fact that the United States has ten times the economic strength of Canada and that American monopolies have a colossal financial and technological advantage, it is unimaginable that the creation of a continental free-trade zone would not result in the



erosion of Canada's sovereign rights and national uniqueness. In the words of B. Anthony, national director of the Canada Arts Council, "the trade talks could have significant quantitative and qualitative effects on our culture," but "the concern about cultural development is apparently regarded (by the government--B.A.) not as a credit to the nation, deserving special support, but as an obstacle to the successful conclusion of a free trade agreement."<sup>10</sup>

The trade unions also see the real danger of a return to the days when the Canadian labor movement was dominated by reactionary American union bosses (within the framework of the so-called international organizations based in the United States).<sup>11</sup> In general, the image of contemporary America, to which the Conservatives want to attach Canada even more closely by means of free trade, can arouse not only the average Canadian's envy of the average American's material wealth, but also his serious objections to integration with an "irrational and intolerant society in which violence is rife and which shamelessly boasts of the tremendous numbers of millionaires the Reagan Administration has nurtured while ignoring the rise in the number of disadvantaged," as CANADIAN DIMENSION described the United States today.<sup>12</sup>

It was precisely in this broad sociopolitical context that the question of free trade was raised at the 16th CLC Convention: "Free trade will mean turning the control of our economy over to the large corporations which will be able to import and export goods and conduct their operations without a hitch and without any need to consider the effects of their actions on employment and on the welfare of the laboring public. It will put our sovereignty--political, economic, and cultural--in question, as well as our social and economic programs, programs of regional development, and all the programs we have instituted to stimulate economic growth and protect the weak and vulnerable."<sup>13</sup> If we examine free trade in this context, it should neutralize differences of opinion in the labor movement instead of exacerbating them, because it will jeopardize the common gains of the laboring public. The prospect of losing everything that took years of persistent class struggle to win overshadows the new unions' interest in free trade. This is why the augmentation of union ranks with workers from the non-industrial sphere did not impede the adoption of a resolution at the 16th CLC Convention categorically rejecting the Mulroney "trade initiative" and even strengthened the support for this resolution.

The advocates of free trade are trying to portray it as an important factor contributing to a higher standard of living in Canada. It has been calculated, for example, that the cancellation of Canadian and U.S. trade barriers could result in an increase of 10 percent in Canada's national income.<sup>14</sup> There is no question that free trade will intensify production specialization and increase the size of enterprises, which will augment labor productivity, but, in the first place, an increase in national income in the capitalist society does not necessarily mean an increase in wages. Between 1977 and 1984, for example, real wages in Canada decreased although there was an increase in real national income.<sup>15</sup> Therefore, even if the liberalization of trade played some role here, it benefited the Canadian bourgeoisie instead of the workers. In the second place, in view of the dramatically heightened socioeconomic instability in the country, 84 percent of the Canadians believe that job security is more important than wage increases.<sup>16</sup>

Job security, however, is precisely what free trade cannot guarantee. According to the Ontario Ministry of Industry, Trade and Technology, 281,000 jobs in this province alone could be abolished by an all-encompassing free trade agreement with the United States.<sup>17</sup> Even the federal government admits that free trade will give rise to "significant intersectorial shifts in employment affecting up to 7 percent of the labor force" and foresees the "serious problem of adapting to reduced employment."<sup>18</sup> This is another reason for the unions' objections to free trade.

There is no question that the development of opposition was promoted by the mounting antimonopolist feelings engendered by the monopolies' full-scale attacks on the vested interests of the laboring public. After the plans to lower the standard of living of the laboring public with the aid of government price and wage controls failed (because of the resistance of trade unions), the monopolies began to make more extensive use of such means of national income redistribution as part-time employment, higher rents, higher prices on credit and on vitally necessary goods and services (for example, fuel, education, and medical care), higher taxes, etc. Whereas the average level of unemployment was 6 percent and the rate of inflation was also 6 percent between 1967 and 1976, the respective figures between 1977 and 1986 were 10 percent and 9 percent. The years of the latest economic crisis were particularly difficult: Almost one out of every ten able-bodied Canadians was out of work, and prices rose at a rate of 12-13 percent each year. Between 1977 and 1984 real wages decreased by an average of 2 percent a year. As a result, its share of the gross national product fell from 63 to 55 percent during this period, reaching its lowest point since the time of the "Great Depression."<sup>19</sup>

Therefore, in the opinion of trade unions, free trade will lead to the most serious socioeconomic disparities, and ruling circles will strive to put the entire burden on the shoulders of the laboring public. It will force Canada to give up its traditional instruments of socioeconomic regulation and will undermine the country's economic, political, and cultural sovereignty.

Ruling circles have to consider the fact that almost 40 percent of all non-agricultural workers are members of trade unions. For this reason, they tried to win the support of unions when they began to carry out their free-trade plans. Former CLC President D. McDermott was asked to serve on a special committee on foreign trade, where he would have had to discuss the matter with representatives of the government and big business. This "tripartite" discussion was supposed to neutralize the unions' opposition to free trade. He agreed at first to become a member of the committee, but then announced a boycott of it when the leaders of several of the largest and most militant unions (automobile workers, steelworkers, and communications workers) objected to the conciliatory line of McDermott, J. Munro, and some other labor leaders. The CLC executive council officially announced a boycott of the committee, and this helped low-level organizations find their bearings in this complicated situation. The CLC simultaneously launched a campaign to inform union members and the entire laboring public of the dangerous implications of free trade and to mobilize the unions for their subsequent inclusion in a broader coalition against free trade. The decision to boycott the

committee allowed the CLC to concentrate its efforts and resources in work with union members and to demonstrate the urgent and uncompromising nature of the campaign against free trade to their organizations, labor councils, and all union members. As a result, the CLC was able to state its views to Ottawa more effectively--not through "tripartite" discussions behind closed doors, but through protests by the laboring masses--that is, in the only language big capital and its government are capable of understanding.

The Conservatives hoped to implement their "trade initiative" with a minimum of public discussion. And if they were unable to do this and the discussion literally spilled out onto the streets (in the form of demonstrations and protest rallies under the slogan "Free trade could cost us Canada"), the CLC and its organizations must be given much of the credit for this. "We can be proud of the fact," the materials of the 16th CLC Convention state, "that our opposition to an all-encompassing free trade pact with the United States forced the government to broaden the framework of the discussion of this matter to a greater extent than it had planned. We also feel a sense of satisfaction with the mounting opposition to the free trade initiative."<sup>20</sup>

As an alternative to the "trade initiative," the CLC proposed a "planned approach" to foreign trade, connected with demands for full employment, social justice, and the structural reorganization of the economy with broad government participation. "Just as any concrete economic policy, trade policy must be regarded as part of an economic strategy to secure full employment, a high standard of living for all Canadians, and the more just distribution of income and national wealth.... The planned approach to trade policy is possible and necessary in this context. It must reduce trade dependence on the United States.... This approach will allow Canadians to choose their own economic future instead of obediently accepting the dictates of big business, which is pursuing its own selfish interests in the continental marketplace."<sup>21</sup>

Never before have trade unions proposed this kind of detailed foreign economic program--and it also includes the demand for government regulation of foreign investment and the diversification of foreign trade--so wholly in the national interest of Canada.

Although the trade unions were unable to force the government to withdraw the question of free trade from the agenda, their campaign contributed to the growth of objections to free trade and monopolies. The percentage of Canadians supporting free trade declined from 73 percent in fall 1984 to 52 percent in June 1986.<sup>22</sup> The results of polls could be misleading, but the government apparently no longer has a political mandate to carry out its free trade plans. Of course, the CLC cannot be given all the credit for this. The criticism of the idea of free trade by the parliamentary opposition and by various patriotic and nationalist organizations did not go unnoticed, but it was precisely the series of demonstrations, conferences, rallies, and other public undertakings organized by the CLC and its affiliates that became the main factor changing the opinion of the public, especially the laboring masses, on the "trade initiative" of the Conservatives.

#### FOOTNOTES

1. The mutuality pact was unilaterally abrogated by the United States in 1866, and this was one of the reasons for the creation of the Canadian federation in 1867.
2. Such issues as the liberalization of the trade in services, the duration and content of the period of transition from the current state to free trade, government purchases, and customs procedures are still matters for negotiation.
3. Calculated according to data in "Department of Finance. Economic Review, April 1985," Ottawa, 1985, p 66.
4. "The Structure of the Canadian Capitalist Class," edited by R. Brym, Toronto, 1985, p 147.
5. D. Protheroe, "Imports and Politics," Montreal, 1980, p 40.
6. THE GLOBE AND MAIL, 3 July 1986.
7. THE FINANCIAL POST, 13 December 1980.
8. THE GLOBE AND MAIL, 10 June 1986.
9. "Canadian Labour Congress. 16th Constitutional Convention, 28 April to 2 May 1986. Document No 18: Full Employment and Fairness--The Workers Agenda for Canada," Toronto, 1986, p 2.
10. CANADIAN BUSINESS REVIEW, 1986, No 2, pp 14, 17.
11. At the beginning of the 1980's national organizations already accounted for 52 percent of all the members of trade unions in Canada.
12. CANADIAN DIMENSION, 1986, No 5, p 3.
13. "Canadian Labour Congress. 16th Constitutional Convention, Document No 18," p 4.
14. "Government of Canada. How To Secure and Enhance Canadian Access to Export Markets," Ottawa, 1985, p 29.
15. "Department of Finance. Economic Review, April 1985," p 84.
16. "Industrial Policy," Toronto-Buffalo-London, 1986, p 23.
17. TORONTO STAR, 27 May 1986.
18. "Government of Canada. How To Secure and Enhance Canadian Access to Export Markets," pp 30, 29.



19. "The Road Ahead. Documents from the 26th Convention of the Communist Party of Canada, 5-8 April 1985," Toronto, 1985, p 8.
20. "Canadian Labour Congress. 16th Constitutional Convention, 28 April to 2 May 1986. Document No 19: Our Canada or Theirs?--Workers Confront the Corporate Blueprint," Toronto, 1986, p 7.
21. Ibid., p 4.
22. THE GLOBE AND MAIL, 30 October 1986.

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## LIFTING OF SANCTIONS AGAINST POLAND

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 87  
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[Article by A.V. Kunitsyn]

[Text] In February 1987 the United States officially informed the Polish Government of the cancellation of the discriminatory trade and economic restrictions imposed on Poland after December 1981. In this way, the Reagan Administration effectively admitted that economic blackmail is not the appropriate language for dialogue with countries of the socialist community. For more than 5 years Washington's "sanctions" put a heavy burden on Polish-American relations and provided a regrettable example--which was, unfortunately, not the only one--of how the loss of a realistic outlook on the part of U.S. ruling circles in East-West relations inflicts senseless economic injury on both sides.

The U.S. approach to economic relations with Poland is an educative illustration of the subversive policy of imperialism against the socialist states. As First Secretary W. Jaruzelski of the PZPR Central Committee said in an interview on Soviet television, "Poland has become a pretext in the imperialist game, something like a 'cold war' proving ground."

Poland was chosen as a target of U.S. subversive activity back in the 1950's, when the CIA launched a "full-scale secret war" against Hungary, Poland, and Czechoslovakia--Operation "Redsox-Redcap"--with the aim of provoking demonstrations against the popular government in these countries. Foreign economic relations became the main instrument of American policy toward Poland, which was then the United States' main trade partner among the socialist countries. The United States wanted to influence events in Poland by expanding American exports and using credit leverage. During the antisocialist demonstrations in Poland in 1956, the percentage of U.S. Department of Commerce denials of applications from American companies for export licenses to Poland declined sharply. In 1957 Poland was the only Warsaw Pact country to be included in the American "Food for Peace" program and was allowed to buy American agricultural products on credit in accordance with Act 480. The zlotys received in payment for food were used to finance the U.S. Information Agency's activities in Poland (the translation, publication, and distribution of magazines, brochures, and books, the production of movies and radio and television

programs, the organization of exhibits, the maintenance of libraries, etc.), cultural and educational exchanges, agricultural research grants, and so forth.

The substantial increase in purchases of American goods and in the use of American credit necessitated a corresponding increase in Polish exports to the United States for the purpose of obtaining means of payment. Under these conditions, in spring 1957, during economic talks with the United States, the Polish side was already suggesting the restoration of most-favored-nation status, which had been cancelled in 1951, for Polish goods entering the U.S. market.

It took almost 4 years, however, for the United States to decide to grant Poland this status. During this time it signed an entire series of agreements with Poland of considerable political and financial benefit to the United States, namely agreements on the guaranteed operation of the mass media (in February 1958), the distribution of a Polish-language magazine in Poland about life in the United States (May 1958), and the settlement of claims in connection with the nationalization of the property of Americans in Poland (June 1960). It was not until after all of this that Washington announced the restoration of most-favored-nation status for Polish goods in December 1960.

New opportunities for more active American policy in relations with this country came to light in the 1970's. American diplomacy keenly discerned Poland's desire to use the budding process of international detente to expand trade, economic, and credit relations with the West. Agreements envisaging much more active economic, scientific, and technical relations between Poland and the United States were concluded during Polish-American summit talks in 1972, 1974, and 1977. Within 5 years, from 1971 to 1976, Polish-American trade more than quintupled and the annual volume almost reached a billion dollars.

Poland gradually began to be regarded as the number-one target of American imperialism's subversive plans for the socialist countries of Eastern Europe. In March 1981, ZAGADNIENIA I MATERIAŁY (the press organ of the PZRP Central Committee Section for Ideological Indoctrinational Work) reported: "In the second half of the 1970's Western experts concluded that Poland's position among the European socialist countries had become more vulnerable to purposeful action by the West." This was due to its increasing economic dependence on the capitalist countries and also to several errors in the economic and social policy of the earlier PZRP leadership, the neglect of ideological work, especially among youth, and, as the journal pointed out, "the presence of a large number of emigrants and the exceptionally strong influence of the Catholic Church."

Pressure was exerted on Poland by maintaining a state of "controlled crisis" and by offering material and political assistance to opposition groups under the protection of the intelligence services of the United States and other NATO countries. Using primarily economic leverage, the United States and its allies achieved the effective legalization of the KOS-KOR<sup>1</sup> and several other

antisocialist groups. For example, the extension of Western credits to Poland was made conditional upon the Polish Government's refusal to take decisive action against the KOS-KOR. Virtually all restrictions were lifted on the entry of Poland by members of reactionary emigrant organizations, and they poured into the country by the thousands: By the end of 1978 up to 120,000 Polish-Americans were entering Poland each year, and some of them "stayed in their native land." By 1982 there were tens of thousands of American citizens living in Poland. Many of them were openly hostile to socialism and some were American intelligence agents.

As a result of overseas assistance and the active recruitment of unstable youth, by 1980 the antisocialist forces were not small groups, but well-organized detachments with thousands of members. After seizing control of Solidarity, the leaders of the KOS-KOR and other antisocialist groups began organizing "terrorist strikes" for the purpose of causing the collapse of the Polish economy and fueling the public anger about the shortages of food, fuel, and other vital necessities that were the result of a lack of organization in production. All of this was directly intended to undermine the socialist government, create a state of anarchy in the country, and establish the necessary conditions for a counterrevolutionary coup.

When the Reagan Administration arrived in the White House in January 1981, it continued and intensified the all-round support of antisocialist forces in Poland. Furthermore, it continued the reliance on foreign economic leverage, connected with the high level of Polish indebtedness to the West and with Poland's dependence on Western deliveries of crude resources, semimanufactured goods, components, and spare parts. To secure the Polish Government's promise of "restraint" in its treatment of counterrevolutionary forces, for example, Washington extended 670 million dollars in credit to Poland for the purchase of American agricultural products through the Commercial Credit Corporation (CCC) in fiscal year 1981. This was the largest credit the CCC extended to a foreign state in that fiscal year.

It is also significant that the organization of subversive activity against socialist Poland was accompanied by repeated official Washington statements which were intended to create the impression that the United States was supposedly pursuing a "policy of non-intervention" in Polish affairs. To the accompaniment of the talk about "non-intervention" and about adherence to the "ideals of democracy," however, U.S. ruling circles were pursuing precisely a policy of active intervention with the aim of destroying socialism in Poland and pulling this country out of the socialist community.

The Polish Government's stabilization measures in December 1981 changed the situation radically. As W. Jaruzelski stressed in his speech at a PZRP Central Committee Plenum (in February 1982), martial law in Poland "has essentially become anti-martial law." It eliminated the threat of another dangerous confrontation.

While the Polish Government was trying to stabilize the situation in the country and surmount economic difficulties, U.S. ruling circles decided to interfere in this process and to use all of the means at their disposal to



complicate and aggravate the situation in Poland. Within the framework of the economic "sanctions," the extension of credit to Poland ceased, sales of food through U.S. government agencies were terminated, the Polish merchant marine lost its fishing rights in the American 200-mile zone, and air traffic between the two countries was suspended. In June 1982 Washington reinforced the restrictions on shipments of American equipment and technology, and in October of the same year Poland lost its most-favored-nation status in trade with the United States. Under American pressure, other NATO countries imposed similar restrictions. Polish economic losses by 1986 as a result of Western discrimination were estimated at around 15 billion dollars. The plans to paralyze the Polish economy, however, were thwarted to a considerable extent by the effective support it received from the Soviet Union and other CEMA countries. In the words of W. Szimczak, minister plenipotentiary and trade adviser to the Polish embassy in the USSR, "the immediate fraternal assistance...was an important factor contributing to the stepped-up stabilization of the Polish economy and creating the necessary conditions for its gradual emergence from the crisis."

In July 1983, after the suspension of martial law in Poland, the U.S. administration resumed official contacts with Polish representatives, declaring the possibility of some leniency in its position on the repayment of Polish debts and on fishing in the American 200-mile zone.

These intentions were carried out in November 1983, when the President of the United States issued two orders for the slight relaxation of economic "sanctions" against Poland. The first was his consent to begin discussing the deferment of Polish payments with other Western creditor nations, and the second authorized American groups to begin negotiating fishing agreements with Polish representatives. These moves were portrayed as a response to "positive processes in Poland," particularly the visit of the Pope of Rome in summer 1983 and the release of a group of antisocialist demonstrators.

It must be said that these actions were extremely limited and almost of a symbolic nature. In the credit sphere, for example, only the revision of Polish payment terms for 1981 debts was to be negotiated with the United States' allies. Nothing was said about the deferment of payments on other debts. It was emphasized that Poland would not receive any new American credits and that the United States objected to its membership in the IMF.

The prohibition of fishing in the American 200-mile zone by Polish ships remained in force. The American side made its decision to assign specific regions to Poland conditional upon "activity by the Polish Government in the sphere of human rights."

In January 1984 the United States took two more steps, lifting the ban on commercial fishing by Polish ships in the American 200-mile zone and allowing the Polish LOT airline 88 charter flights to the United States during the Christmas holiday season in 1984. It was also at this time that "wishes" with regard to the Polish Government's actions in the future appeared in the American press. In particular, these concerned the release of 11 former leaders of Solidarity and the KOS-KOR and the possible establishment of diplomatic relations between Poland (as the first of the Warsaw Pact countries) and the Vatican.

In August 1984 the White House issued a statement which mentioned that, in view of the Polish Sejm's declaration of amnesty for counterrevolutionary demonstrators on 21 July, which the President regarded as "a significant move in the direction of national conciliation," he would lift the official ban on regular flights to the United States by LOT planes and intended to resume scientific exchanges with Poland.

That same month Ronald Reagan announced his support for the plan of the bishops of the Roman Catholic Church to establish an independent fund of contributions from private individuals and organizations in the West and to send the money to private peasant farms in Poland. The plan envisaged the delivery of machines, fertilizer, and other agricultural materials in short supply in the Polish domestic marketplace. There are clear political aims lying behind these intentions: First of all, to augment the role and influence of the Catholic Church in the country and, second, to promote the development of the private sector of the Polish economy. Later, when Cardinal Glemp, the head of the Polish Catholic Church, visited the United States in September 1985, a program envisaging the delivery of goods worth 50 million dollars to peasant farms in Poland was signed. The U.S. Government is to supply 10 million dollars' worth.

The December 1984 decision to withdraw the objections to Poland's membership in the IMF represents a special link in the chain of American actions with regard to Poland. Officially, this was done by the Reagan Administration as a "positive response" to the declaration of amnesty. In this connection, PAP commented: "The United States is still linking its moves with political conditions that actually represent interference in Polish government decisions. How much time will it take for Washington to realize that decisions on Polish affairs are made in Poland and that the amnesty was not a concession made under pressure from someone else, but the result of the normalization of life in our country and the consistent implementation of the program of the Ninth PZPR Congress."

Poland announced its intention to rejoin the IMF back in 1979.<sup>2</sup> On 10 November 1981 Poland officially applied for membership in the IMF. The consideration of the Polish application was postponed, however, in connection with the negative reaction of the United States, which accounted for 19 percent of the "voting pool" of the fund. The change in the American stance made the reconsideration of this matter possible.

In 1985 and early 1986 there were intensive negotiations between Poland and the IMF; membership was officially granted in June 1986. The Polish economy was assessed by IMF experts and the size of the Polish quota was determined--776 million dollars, 22 percent of which would be in convertible currency and the rest in zlotys.

Under present conditions, Poland's membership in the IMF is an important prerequisite for the normalization of its trade and monetary relations with developed capitalist countries. Poland can obtain more than 2 billion dollars in new credits from this organization. This is extremely important in view of the fact that it will already have to begin paying on previously deferred

loans in 1987. People in Poland have no illusions, however, about the possibility of obtaining this amount all at once. In accordance with IMF practices, it will be extended in portions (so-called "credit shares"), and the level of crediting is usually linked with the observance of several conditions by the recipient. Besides this, there is some hope that membership in the IMF will increase the trust in Poland by government and private credit institutions in the West. This will make the acquisition of additional resources and the deferment of payments on old on more preferential terms possible.

People in the United States are hoping that membership in the fund will influence the further socioeconomic development of Poland. American strategists see Poland's continuing economic difficulties as one possibility of IMF influence on the internal development of this country.

It is significant that the United States is coordinating its policy toward Poland closely with its NATO partners. In recent years it has been increasingly receptive to the views of the West European states, which believe that long-range Western interests will be served not by "sanctions," but by the encouragement of Polish relations with developed capitalist countries. In addition to political considerations, economic interdependence has been a strong factor contributing to this point of view. Western Europe accounts for more than three-fourths of all Polish debts in convertible currency--31.3 billion dollars as of 1986. Furthermore, this is not simply a matter of the possibility of direct financial losses, but also of unavoidable long-range damage as a result of the loss of an extremely large market. There is a growing realization in Western Europe that the normalization of trade and economic relations with Poland and the revision of the payment terms of Polish debts will be essential for economic recovery in Poland, and this, in turn, is the only possible way the Western creditors will recoup their investment without further deferments. Many American banks, including the giants, have advised a more careful approach to financial relations with Poland for the same reasons.

Therefore, the current situation is quite different from the one at the beginning of the 1980's. Whereas the West was then striving mainly to destabilize the economic and political situation in Poland, today, now that Poland has withstood the pressure from outside and has demonstrated its futility, the developed capitalist countries are more interested in the continued recovery of the Polish economy than in its subversion. The Western countries are making a more vigorous effort to expand trade and economic contacts with Poland with a view to their own economic and political goals. The inter-governmental commissions on economic cooperation between Poland and Belgium, Norway, Canada, France, Japan, and other capitalist countries resumed their work in 1985 and 1986 after an interval of several years. The Polish-American economic council met in April 1985 after an interval of 5 years, and an 11-member U.S. delegation came to Warsaw to attend the session.

During these talks, problems in productive cooperation and the acquisition of foreign capital were discussed widely along with the question of expanded reciprocal trade. Business circles in the developed capitalist countries displayed an interest in investment in Poland and in the development of more complex forms of commercial cooperation.

In this atmosphere the perpetuation of the trade and economic "sanctions" against Poland began to look more and more like a senseless political anachronism on the part of the United States. Washington finally decided to renounce them completely by restoring Poland's most-favored-nation status in trade and its access to government credits and guarantees.

When we assess the prospects for Polish-American economic relations, it is important to consider the positive and the negative sides of the matter. There is no question that these relations will be in the interest of socialism to the degree that they accelerate Poland's emergence from its difficulties, promote its economic growth, and fill its domestic market. Recent experience, however, attests to the need for the unswerving political regulation of these processes. As W. Jaruzelski said at a meeting with Polish and foreign journalists attending the Jablonna-5 international roundtable discussion, "the sanctions taught us a great deal. We became smarter. Our society rid itself of many naive illusions and learned self-reliance. This allowed us to take steps toward more extensive cooperation with socialist countries.... We must reinforce this positive tendency." Under present conditions, the expansion of Poland's trade, production, scientific, technical, and monetary relations with developed capitalist countries can help to strengthen the foundations of socialism only if the principle of economic invulnerability is observed unconditionally and if measures are taken to neutralize the undesirable effects of these relations in the ideological sphere and other areas.

#### FOOTNOTES

1. The so-called "Workers Defense Committee" (KOR) was established in Poland in September 1976. Another name was later added to this one--the "Public Self-Defense Committee" (KOS). This organization, which was hostile to socialism, received money and printing and publishing equipment from the CIA. In 1977 the KOS-KOR established "independent trade-union committees" in Gdansk and Katowice, and they became the organizational nucleus of "Solidarity" in 1980.
2. Poland was one of the founders of the IMF. When the cold war against the socialist countries was in full swing, it refused to participate in this organization in 1950.

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## REVIEW OF THE U.S. EDUCATION SYSTEM

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 87  
(signed to press 15 May 87) pp 68-70

[Article by V.S. Guseva: "'Battle for the Future'"]

[Text] "On the average, American students spend 20 percent less time in school each year than students in Soviet schools. They acquire much less knowledge than Japanese students in such subjects as mathematics and the natural sciences, which are particularly important in many areas of economic growth," President Reagan said in a recent radio broadcast. He was explaining why certain proposals on the improvement of education had been sent to the Congress. "Shortcomings in education," the President said, "are the greatest tragedy because they have a direct effect on the future."

This is not the first year that cases of American teenagers who cannot read, write, or count have been reported in newspapers and magazines.

How are things going in other countries? To answer this question, the influential American weekly U.S. NEWS AND WORLD REPORT conducted a comparative analysis of the state of affairs in the schools of the five leading countries of the capitalist world and the USSR. Here are some of the results of this analysis:

Half of the secondary school graduates in Japan know as much as American university graduates;

Five years of physics and algebra, four years of chemistry and biology, and two years of higher mathematics are required in Soviet schools. The majority of U.S. secondary schools do not require even a single year of physics or mathematics. Only 6 percent of the students study higher mathematics;

Although the population of Japan is only half the size of the U.S. population, Japanese VUZ's produce 9 percent more engineers (the number of students receiving engineering degrees in the United States tripled between 1955 and 1982, reaching 67,400, but in Japan the number increased eightfold during this period and reached 73,600);

Nine out of every ten Japanese receive a secondary school diploma, but in the United States almost one-fourth of all students (around a million) drop out of school before graduation.

The magazine concluded that in other countries "the situation is better in many respects, and the main reason is that the students there study more and study harder."

At the request of the magazine, 22 American experts on education rated instruction in the elementary and secondary schools in the same six countries (on a scale of 10):

Mathematics: Japan--8.55; USSR--7.21; FRG--6.90; France--6.75; United States--5.63; England--5.58.

Natural sciences (chemistry, biology, physics): Japan--8.05; USSR--7.14; France--6.83; FRG--6.81; United States--6.36; England--6.16.

Social sciences: FRG--6.81; United States--6.77; England--6.67; USSR--6.14; Japan--6.09; France--5.66.

Native language: France--8.17; USSR--7.42; FRG--7.41; Japan--7.32; England--6.92; United States--6.31.

Foreign languages: FRG--7.13; USSR--6.71; France--5.50; United States--4.68; Japan--4.59; England--4.50.

The magazine also cited this example: High school seniors from 15 countries competed in the international algebra olympics in 1982. The Americans were in 14th place (students from Hong Kong came in first, and students from Thailand came in last).

American business leaders have been alarmed for many years by the inadequate knowledge and unsatisfactory academic background of secondary school graduates, seeing this as a threat to U.S. economic positions in world markets. What disturbs them most is that the American production sphere is not getting enough educated workers and will not get them in the future. "We face the threat of becoming a second-rate power in the economic sphere if we allow ourselves to lose our leading position in technology as a result of the unsatisfactory state of education," remarked H. Gray, former chairman of the board of United Technologies. "A battle for the future is going on...and the United States is losing."

In the opinion of observers, the state of affairs in the schools and the closely related issue of the competitive potential of American goods are acquiring political implications and will be one of the major campaign issues in 1988. These problems are also being discussed in the committees of both congressional houses and in "think tanks" in the United States. Even the State Department joined the debate by preparing and publishing a report on education in Japan today. In short, now that the Americans have to deal with the high competitive potential of Japanese goods in world markets, they are paying more attention to the state of affairs in the Japanese schools. A study entitled "The Japanese Challenge in Education" was published at the beginning of 1987. The author of the book, Director M. White of the International Education Department of Harvard University's School of Education, believes that the

main reason for the great successes of Japanese education is that "the entire society helps the children learn." "Education has become the main concern of parents," White writes. "Almost 50 magazines on preschool education and preparation for school are published in Japan each month. Book stores offer a variety of teaching aids. Desks with built-in electric pencil sharpeners and calculators are being manufactured for students in the primary grades. Besides this, there is a built-in bell the child can ring to summon a parent in another room for help."

It appears that most educators, businessmen with an interest in the better training of youth, and members of the American public in general agree that fundamental changes in the educational system in the United States are needed. Above all, they feel that the very bases of the school curriculum should be changed to put the emphasis on mathematics, the natural sciences, and languages, that the academic year should be much longer, and that the amount of homework should be increased substantially.

As far as the length of the school year is concerned, it is true that the United States is one of the few developed countries in the world where schools are in session less than half of the calendar year--for only 180 days. Eighth-graders in Japan go to school 243 days a year, and the figures for other countries are 215 in the FRG, 211 in the USSR, 192 in England, and 185 in France. "Our children spend an average of 15,000 hours watching television between the ages of 6 and 18, or 2,000 hours more than they spend in school," the American press reported. "We are raising a generation of experts on 'Wheel of Fortune' and 'Miami Vice' (the names of popular TV shows--V.G.)," one expert said.

Another problem in education is the competence of teachers. Actually, this is more than one problem. In the United States the teaching profession has lost its prestige for several reasons, and teachers' salaries have decreased (whereas in Japan, for example, the teacher's salary is 2.4 times as high as the average per capita income, in the United States it is 1.7 times as high). As a result, fewer young people want to devote themselves to this career. It has been predicted that the country will soon be confronted by "a critical shortage of instructors in the schools." Specialists also stress the fact that the educational colleges in the United States, where teaching personnel are trained, spend more time teaching their students how to teach than what to teach. In most other countries, on the other hand, specialists in different subjects work in the schools, and this means that the quality of instruction is much better.

Another problem is that education in American schools is completely under the control of local governments and parents committees, and these determine all school policy, including the academic curriculum. In the Soviet Union, France, and several other countries, experts point out, education is managed on the national level by a ministry of education. "The very idea of centralized education is rejected in the United States.... It is obvious, however, that it has its advantages," U.S. NEWS AND WORLD REPORT admitted.

It is clear that these advantages are particularly important at the time of an educational reform. The U.S. Government advised all local governments to

institute sweeping and substantial changes in the schools back in 1983, calling the state of affairs in education disastrous.<sup>1</sup> The special commission set up by President Reagan to investigate the state of education in the schools has reported, however, that only a few states responded to this appeal by taking genuinely serious steps. In the majority of states the basic curriculum still consists of subjects of secondary importance. High school students are required (as was recommended) to take English for at least 4 years in only 15 states, mathematics (3 years) is included in the curriculum in only 10 states, and only 4 states require courses in the natural sciences. The study of a foreign language is not required in any state. U.S. NEWS AND WORLD REPORT called this a "devil-may-care" attitude toward the educational reform.

In November 1986 the commission issued a new, more insistent appeal. The United States must make an effort "comparable in scale, commitment, and funding to the Marshall Plan," it stated, "if we want to retain our position in the 21st century."

#### FOOTNOTES

1. For more detail, see SSHA: EPI, 1987, No 1, pp 51-52--Editor.

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## U.S.-USSR SCIENTIFIC-TECHNICAL COOPERATION

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 87  
(signed to press 15 May 87) pp 82-88

[Article by N.D. Turkatenko (Washington): "The Issue of Scientific and Technical Cooperation"; first two paragraphs are SSHA: EPI introduction]

[Text] The hearings before the Subcommittee on Europe and the Middle East of the U.S. House of Representatives on Soviet-American scientific exchanges, which are the subject of a collection of documents published in Washington, are of definite interest. They prove that American scientists and some government agencies put a high value on Soviet scientific achievements and realize that scientific contacts with the USSR would benefit both sides.

It must be said, however, that this opinion is not shared by the current U.S. administration, which has made several attempts to put an end to the exchanges.

The fate of scientific and technical contacts between the two leading scientific powers in the world--the USSR and the United States--and of many agreements on these matters, which were once concluded by them and were later effectively annulled by the American side, is of interest to many Americans. A collection of documents on U.S.-USSR scientific exchanges, published by the Government Printing Office, offers proof of the American side's interest in this kind of cooperation.

The work contains a transcript of the hearings on this matter in 1986 in the Subcommittee on Europe and the Middle East of the House Committee on Foreign Affairs, as well as many written testimonials from representatives of the National Academy of Sciences (NAS), other scientific establishments, departments and agencies, the assessments of the Congressional Research Service, and so forth.

It contains a great deal of documented information and, what is most important, it refutes the allegations of the opponents of Soviet-American scientific contacts and exchanges that they are supposedly necessary and beneficial only to the Soviet side and will even strengthen the USSR's military potential. Virtually all of the scientists who testified in the hearings and the heads of U.S. departments and agencies who submitted their opinions to the subcommittee stressed that these contacts and exchanges are also necessary and beneficial

to the American side, because Soviet scientists and specialists have outstanding achievements to their credit in many fields of basic and applied sciences, including some in which they are ahead of the Americans. The authors of these documents advise the development of Soviet-American scientific relations and exchanges and broader contacts between scientists and specialists in the two countries.

Direct testimony was presented by prominent American scientists and specialists--President F. Press of the National Academy of Sciences, Director L. Lederman of the Enrico Fermi National Laboratory, which is working with nuclear particle accelerators, and others.

When the chairman of the subcommittee, Democratic Congressman Lee Hamilton from Indiana, opened the hearings, he said that the subcommittee wanted answers to the following questions:

How will the American side benefit from programs of scientific exchange with the Soviet Union? To what extent would the United States have access to the results of Soviet research in the absence of such programs? Do these exchanges benefit one side more than the other or are they mutually beneficial? Should these programs be continued on their present level, expanded, curtailed, or simply cancelled?

As we can see, the questions were quite direct. Answering them, President F. Press of the NAS said: "I am firmly convinced that these exchanges are valuable and that they are in the national interest. Soviet scientists are in the lead in several key fields of science, in mathematics and theoretical physics, for example. They have recently achieved impressive successes in astronomy, geology, oceanography, electrochemistry, fluid dynamics, and the study of matter. They are making advances in molecular biology, and their achievements in space science and technology are well known. We are working on global problems, involving fields of science connected with the environment and the atmosphere. Active participation by Soviet scientists is essential here. The U.S. National Academy of Sciences has always kept track of scientific cooperation between our countries, and each time we have concluded that it is in the interest of the United States.

"We arrange for contacts in the fields where Soviet scientists are in the lead, but we avoid cooperation that might evoke worries about our national security. Our work together is purely scientific, and it is precisely this kind of cooperation that is envisaged in our latest agreement with the Soviet Academy of Sciences, signed in spring 1986."

In general, Press said, we are pleased with the level of scientific opportunities created by these exchanges.

A written opinion submitted to the subcommittee by the president of the NAS says that the USSR has the largest staff of scientific and engineering personnel in the world. In addition to the tremendous success of Soviet scientists and specialists in many fields, the very size of the Soviet Union can be helpful in the resolution of global problems, particularly in such areas

as the environment and the atmosphere. The success of international scientific programs will demand participation by Soviet scientists. We simply cannot, he writes, afford not to cooperate with the Soviet Union in the sphere of scientific research. As far as we are concerned, we can achieve significant results from the use of the materials of Soviet scientists and from access to their data banks and important geographic regions.

The work also includes an NAS memorandum which specifically says: "The experience in cooperation attests to the tremendous importance of access to Soviet scientific and technical achievements. Besides this, cooperation in science and technology could turn out to be one of the most promising ways of building bridges across the political abyss separating the two powers." With a view to existing difficulties and possibilities, the academy specified the following objectives for this kind of cooperation:

To promote progress in American science and technology by obtaining access to important geographic regions in the USSR and to its scientific institutes, scientists, and data;

To strengthen the basis of international scientific efforts, particularly the search for solutions to global problems, by inviting Soviet scientists to take part in bilateral programs;

To develop new and better methods of cooperation with the USSR for more effective scientific and technical interaction;

To disseminate knowledge about Soviet science and technology in the United States, as well as knowledge of the limitations of cooperation;

To increase the number of American scientists studying the development of science and technology in the USSR;

To contribute to the improvement of the atmosphere for political, economic, and cultural relations between the two countries.

A list of 120 joint studies by Soviet and American scientists, published between 1976 and 1985, was attached to the memorandum.

In his testimony, Director Lederman of the Fermi Laboratory discussed the cooperation with the Nuclear Physics Institute of the Novosibirsk Division of the USSR Academy of Sciences. In particular, he said that "this institute has a long history of developing brilliant research methods, which have been quite useful to the Fermi lab. The theoretical level of Soviet research is extremely high. The input of Soviet researchers reduces the cost of joint projects. There is also the benefit we derive from advances in the related fields of nuclear fission and the development of new devices and instruments. Soviet scientists have made ingenious contributions in the fields of nuclear fission, high-energy particle accelerators, and radio-frequency amplifiers. Furthermore, many, if not all, of their ideas are put in practice much more quickly in the United States than in the Soviet Union itself.

"Of course, Soviet scientists also derive considerable benefit. They have access to some of our research establishments, which have no equal in the Soviet Union yet, acquire some idea of the methods and procedures of our research and its supervision, and so forth. It is true that the Soviet Union is now working on an accelerator which could be ready for operation in 1992 and would be much more powerful than the accelerator in the Fermi Laboratory. By that time, however, the United States will probably develop another accelerator many times as powerful as the new Soviet one." Lederman concluded by naming 21 research projects already completed by Soviet scientists working in conjunction with Fermi lab researchers and another 3 projects now in the final stage.

Despite existing problems--bureaucratic obstacles and the dependence of cooperation on the political climate in general--American scientists are virtually unanimous in the opinion that the continuation of scientific exchanges with the Soviet Union will benefit both countries.

In his report, R. Noble, head of the Biology Department of Bowling Green University, said: "My contacts with Soviet scientists began in 1978, and since 1982 I have headed the American team working on the program to study the interaction of forest ecosystems and environmental pollutants, part of the 1972 USSR-U.S. agreement on cooperation in environmental protection. Several scientific works have been published and several more are now in the preparation stage. From 1978 to 1982 the program was stepped up considerably: The Soviet side organized a symposium which was attended by the 10 leading American experts. It paved the way for the intensification and expansion of our joint efforts. Unfortunately, because of the Korean airliner incident in 1983 and other international problems, we moved from four exchanges in 1981 and 1982 to none in 1983 and 1984. This had an extremely negative effect on our work. Now, however, we are making up for lost time. I would judge the potential of our program as something of great value to the United States and the USSR and also to all humanity."

Noble also stressed that American scientists are given a warm reception in the Soviet Union and that their Soviet colleagues strive to help the American scientists make the most of their time in the USSR by satisfying their requests to visit various laboratories or regions.

In a written opinion, Noble says that during his time in the Soviet Union, he has always been treated well, has never had any unpleasant experiences with anything like surveillance, and has been able to go wherever he wants in the cities he visits. Our cooperation with Soviet scientists, he writes, is always businesslike and sincere. It seems to me that the Soviet people are a very proud people, they love their country, although they do not like everything in it, and they are deeply worried about the danger of a new world war.

Noble lists problems with visas among the difficulties complicating cooperation and says that they are usually issued just a few days before the scheduled date of departure. This is extremely inconvenient for Americans because they cannot take advantage of the large discounts offered by airlines on tickets purchased in advance, and they have to pay a fee for returned tickets or for



rescheduled flights. He stresses that there are difficulties connected with telephone and postal communications. The mail is extremely slow and packages get lost. He cites this example: Soviet customs confiscated an extremely necessary scientific publication a Soviet colleague was sending him, and now the Soviet side has to apply for special permission to send this book through the mail. In general, however, exchanges between the United States and the Soviet Union are extremely useful to both sides, Noble says. Furthermore, the Soviet scientists who come to the United States are excellent goodwill ambassadors, and Noble feels that this is also true of the American scientists who go to the Soviet Union. In general, the prospects for important projects with a high probability of significant results are excellent.

Noble lists seven scientific works published in 1981 and 1982 and written jointly by American and Soviet (from the Botanical Institute imeni V.L. Komarov in Leningrad) scientists and five works in the final stages of preparation.

In his report, M. Vaughan, head of the cellular metabolism laboratory of the National Heart and Lung Institute, said that "Soviet-American cooperation in the area of public health is being conducted in accordance with the 1972 and 1974 Soviet-American agreements. It is now focused on eight areas of cardiovascular disease. Progress in carrying out the programs is periodically discussed by both sides so that we can concentrate on programs useful to both sides. In 1982 both agreements were renewed for 5 years. The National Heart and Lung Institute maintains direct contact with the Cardiological Center of the Academy of Medical Sciences in Moscow under the joint supervision of the directors of both establishments. The cooperation takes the form of the exchange of information, the organization of working meetings and symposiums, the development of basic and applied research, clinical studies, and the investigation of the state of health of the population and of preventive and educational programs. In general, all of these undertakings provide opportunities to seek solutions to important medical and scientific problems of tremendous importance to each side. Atherosclerosis kills more people than any other disease in the United States and in the Soviet Union."

Basic research in many spheres, leading to the joint development of extremely effective new technologies, is an example of the impact of Soviet-American contacts. This is how a method was developed to direct medicine to sections of the heart muscle injured by infarction and to simultaneously make them visible. Joint research by Soviet and American medical experts revealed facts about the causes of sudden cardiac arrest. Now the work is focused on studies of the effects of medicines for cardiac arrhythmia. These medicines include new agents developed in the Soviet Union and now licensed for production in the United States.

Secretary of Health and Human Services O. Bowen agreed with M. Vaughan's conclusions. He underscored the fact that the Soviet physicians who had developed a high-speed laser for the treatment of glaucoma had assisted the American National Eye Institute and that the United States is now using the same technology. The secretary said that his department is completely willing to continue the cooperation with Soviet scientists and specialists.

Soviet-American scientific contacts were highly commended by M. Peterson, the chief of the U.S. Department of Agriculture Forest Service. He underscored the great benefits derived from cooperation in such areas as forest management and forest pest control. Assistant Secretary of Housing and Urban Development T. Britton expresses a desire to continue and develop Soviet-American contacts. In his written opinion, he expresses the belief that American companies will derive considerable commercial advantages from cooperation with the USSR in housing construction and urban development.

A lengthy report on USSR-U.S. cooperation in transportation was submitted by Assistant Secretary of Transportation M. Scocozza. He reports that joint work and research within the framework of the Soviet-American agreement on transportation in 1973-1983 were mainly developed in such fields as civil aviation, maritime transport, the construction of tunnels and bridges, railway transport, traffic safety, urban transport, future transport, and the improvement and simplification of trade documents. The assistant secretary directs special attention to the need for safer air transport. "Close cooperation with the Soviet Union and other countries in Eastern Europe will contribute much to the attainment of national and international goals in the area of air traffic safety," he states.

Assistant Secretary of Agriculture D. Amstutz expresses equal interest in the development of contacts with the Soviet Union on behalf of the U.S. Department of Agriculture.

A note submitted to the subcommittee by Environmental Protection Agency staffer S. Overman says that the period of cooperation between the USSR and the United States in this area produced extremely positive and mutually beneficial results. Contacts of this kind, the note says, are particularly important today, "now that the international community is trying to solve such global problems as the reduction of the ozone layer and the changes in climate resulting from the accumulation of waste gases in the atmosphere. Through bilateral consultations and research, our countries could develop a coordinated approach to these problems for the entire world community."

The resumption of Soviet-American cooperation in space research is advocated by NASA. In a note sent to the House subcommittee, John Murphy, one of the administrators of NASA, states that the Soviet-American agreement on cooperation in the study and use of outer space for peaceful purposes, signed on 24 May 1972, was not renewed by the current U.S. administration and is no longer in force.

The note from NASA says that while the agreement was in force, Soviet-American cooperation in space was conducted in the following areas:

The "Soyuz-Apollo" Project, resulting in the link-up of the Soviet and American spaceships in space in July 1975;

Space biology and medicine: A collective three-volume work on the "Fundamentals of Space Biology and Medicine" was published in Russian- and English-language editions in 1975. In 1976 an agreement was reached on the

standardization of the main medical indicators connected with space research. From 1975 to 1979 NASA used three unmanned Kosmos ships for experiments and took part in another two experiments after the Soviet-American agreement had expired. From 1980 to 1982 a joint program was conducted for the measurement and analysis of calcium loss during manned flights;

The study of space around the moon and the planets: In particular, Soviet scientists contributed much to two major NASA publications on the planet Venus from 1979 to 1982;

The study of the natural environment: Efforts in this area were focused on the coordination of studies of the earth's surface, maritime expanses, and space, and the exchange of the results of studies conducted over the territory of the USSR and the United States in order to improve the methods of studying the natural environment;

Space meteorology: The possibility of obtaining meteorological data with the aid of rockets and satellites was investigated. The sides exchanged data with the aim of establishing a single processing method.

Besides this, the KOSPAS-SARSAT search system was created, and in 1980 the bilateral system became international. Soviet projects and exchanges were extremely useful to NASA because they helped it plan balanced and non-redundant long-range programs on the highest level of scientific research.

During the discussion of problems connected with the level of space research and the corresponding technology in the USSR and the United States, subcommittee member R. Torricelli asked L. Lederman which side had the higher level and then answered his own question: "When I went to the Soviet Union with representatives of NASA," he said, "we were shown the Soviet 'Mir' space station and we chuckled to ourselves because the level of its technology seemed so low. One NASA representative even suggested that the Soviet side inform the Americans if the station should go out of commission in flight so that we could bring it back to earth on our shuttle. It turned out that there was a real difference in technology: Their station is flying and our shuttles have ceased to fly."

The development of cooperation with the Soviet Union was also supported by Secretary of Energy J. Herrington. In his note, he said that "Soviet-American cooperation in power engineering has been conducted in accordance with the 1973 agreement on cooperation in the peaceful use of atomic energy, which envisages three specific fields of research: controlled thermonuclear reaction, fast neutron reactors, and basic studies of the properties of matter. This agreement should now be renewed."

Herrington stressed that the United States had benefited greatly from the joint work: "We must admit that it would be impossible to discuss such matters as splitting the atom without consideration for the Soviet achievements which had so much influence on American programs and extend to all of the main fields of the science of nuclear fission. For example, Soviet scientists invented the tokamak principle, they were the co-inventors of the magnetic

well for reflectors, it was their original theories that led to the development of the plasma flow stabilization process for mirrors, and they created the concept of the double mirror in conjunction with the United States. Soviet scientists lead the world in the theory of nuclear fission, which represents the analytical basis for all work in this field.

"The United States leads the world in basic studies of the properties of matter, and our equipment for this kind of research is better on the whole than the equipment of the Soviet Union. This is the reason that the number of Soviet experts in this field arriving in the United States is higher than the number of Americans in the Soviet Union. The Soviet scientists who participated in exchanges were distinguished by high scientific standards and made a significant contribution to the success of joint projects. For example, Soviet studies were used in several experiments conducted by the Fermi laboratory, which saved the Department of Energy several million dollars. In particular, the Soviet side supplied a transition radiation detector, which worked perfectly and helped to eliminate some of the scientific doubts about the validity of the prevailing theory of fundamental forces. The first prototype of a lithium lens developed by Soviet scientists served as the basis for using a second-generation lithium lens as a critically important part of the negative proton source in the new Fermi laboratory. Soviet scientists achieved remarkable results in the improvement of accelerators, methods of detection, and theoretical physics. The Department of Energy derived great benefit from the direct contact with Soviet scientists, their ideas, and their way of scientific thinking."

The note also attaches great importance to cooperation in the field of reactor safety.

In August 1986 a joint committee created in accordance with the Soviet-American agreement on cooperation in the peaceful use of atomic energy agreed on the need for projects in new spheres, which should expand activity within the framework of the agreement. Projects connected with fast neutron reactors and reactor safety will be considered. The United States is being cautious and is moving step by step in the direction of broader cooperation, wherever it is warranted, on the basis of mutual advantage and scientific interest.

A short memo was submitted to the subcommittee by Director E. Callio of the National Advisory Committee on Oceanic and Atmospheric Affairs. It says that the 1973 Soviet-American agreement on cooperation in world ocean research was effectively annulled by the American side on the orders of the National Security Council in connection with the entry of Afghanistan by Soviet troops. The author expresses an interest in the resumption of Soviet-American cooperation in this area. The data obtained as a result of joint research were of great benefit to American commercial, scientific, and other interests.

The work also contains a detailed USIA report on its participation in Soviet-American exchanges. In general, the USIA also favors the continuation of these exchanges, but its report reveals purely propagandistic goals in



addition to scientific and educational objectives. In particular, the report says that "our understanding of the Soviet Union has been augmented considerably by the exchanges. This has been pointed out in numerous works by our government and non-government experts on the Soviet Union. As a rule, the USSR provides little information about the functioning of Soviet society. This is why travel to this country is an important channel of information. We are taking care to see that programs meet their purpose and the goals of exchanges. At the same time, we believe that our values speak for themselves and we therefore have nothing to fear from open contact between the citizens of our country and the Soviet Union. On the contrary, we can only gain something from this."

The work also includes a lengthy report on Soviet-American exchanges, prepared by Congressional Research Service staffers J. Hart and J. Boone, who are in favor of the continuation of exchanges. They believe, however, that the American side should strive to conduct these exchanges with maximum consideration for its own interests. This, according to the authors of this report, will necessitate the following:

The borrowing of ideas and solutions from the most advanced Soviet research in fields of science and technology at a level the United States has not reached yet;

The use of the results of Soviet projects to save time, resources, and money;

The acquisition of access to extensive research data unavailable in the United States.

The work includes a message to the House subcommittee from the leaders of 45 American public organizations, including such well-known and prestigious groups as the Union of Concerned Scientists, the National Council of Churches, the American Friends Service Committee (a Quaker organization), Citizens Against Nuclear War, the American Jewish Congress, the Coalition for a New Foreign and Military Policy, the Lawyers Alliance for Nuclear Arms Control, the Federation of American Scientists, Women Fight for Peace, the Episcopal Church of the United States, Common Cause, the Center for Defense Information, and the American Student Association.

The message says: "We applaud the decision to hold hearings on mutually beneficial Soviet-American joint projects. Few people realize that joint projects of this kind have been going on for many years. Therefore, at the very least the hearings will represent an excellent opportunity to provide Congress and the American public with important information. At best, the hearings will promote a deeper understanding of the positive aspects of Soviet-American relations and can help to improve the political climate and pave the way for sizeable reductions of nuclear and conventional arms. Now that the very existence of the human race is at stake, we desperately need an alternative concept of Soviet-American relations which will replace hostility with mutually beneficial interdependence. The hearings could indicate how this might be accomplished."

The published documents of the congressional hearings on Soviet-American scientific exchanges clearly prove that these exchanges are useful and beneficial to both sides.

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## U.S. ORGANIZATION OF MANAGEMENT OF EMERGENCIES

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 87  
(signed to press 15 May 87) pp 102-108

[Article by V.I. Gromeka and B.N. Porfiryev; passages rendered in all capital letters are printed in boldface in source]

[Text] The events of last year were another reminder that scientific and technical progress not only heightens the productivity and improves the conditions of labor and enhances material well-being, but also entails many dangers arising from the extensive use of complex technical systems. The accidents in the power plants in Chernobyl and Hamm (FRG) and the "Challenger" disaster in the United States are sufficient proof of this. These incidents had no external features in common and took place in different parts of the world and for different reasons, but they attest to one thing: The extensive use of the most modern equipment in production and the service sphere dramatically increases the cost of malfunctions or errors. Furthermore, even the presence of the most advanced equipment, with all sorts of double-checks and other safety features, cannot guarantee its 100-percent reliable operation.

Today the risk of accidents is highest in large technological systems, and the risk is heightened as their number and complexity increase and the capacity of each single unit of industrial and power facilities is augmented. The most vivid example is the accident in Bhopal (India) at a chemical plant of the American Union Carbide company, which took the lives of more than 2,500 people.

Each year the American market is supplied with around a thousand new chemical products, 4 million tons of hazardous materials are transported, and around 290 million tons of toxic industrial waste is produced.<sup>1</sup>

The increasing scales of the productive activity of the human being and the development of the technological revolution influence natural disasters (earthquakes, floods, etc.) and technogenic disasters. There is evidence that the intensive exploitation of natural resources heightens the risk of floods, landslides, earthquakes, etc.

Statistics indicate a tendency toward increase in the damages caused by natural disasters. Whereas natural disasters in the United States took the

lives of 400 people and caused damages valued at around 1.4 billion dollars a year on the average between 1925 and 1965, in the 1970's and 1980's annual damages exceeded 23 billion dollars and the number of victims was just under 1,200.<sup>2</sup> The inclusion of indirect losses in these calculations would at least double the figures.

The characteristic tendency of the current stage of the technological revolution toward higher risks to human health and life and to environmental quality is complicated by the current tension in international affairs, which could pose a much greater threat than we have ever known. Nuclear world war would be a combination of all of the tragic consequences of all known natural and technological disasters to date.

This is the reason for the urgent need to plan and carry out measures to reduce the risk of emergencies and to alleviate the consequences of situations arising from political, technological, and natural causes.

This, in turn, points up the importance of developing the correct conceptual approaches, methodology, and procedures of emergency management. Only studies of labor safety in specific sectors of the economy and various kinds of instructions and rules of behavior in such situations exist at this time. On the basis of analytical research and with a view to the experience of all countries, comprehensive measures for emergency management can be planned.

Attempts have recently been made in the United States to develop an emergency management system, including its theoretical and organizational bases.

#### The Creation of the System: Goals and Functions

In 1979 the Federal Emergency Management Agency (FEMA) was established in the United States on the orders of President J. Carter. In 1982 it began planning and implementing a comprehensive system of emergency management. The system was created for two main purposes: to prevent disasters and reduce the risk of disasters; to reduce their negative effects and eradicate them as quickly as possible.

It is significant that emergency management is becoming a relatively independent sphere of government policy in the United States.

The creation of FEMA reflected the important tendency toward the centralization of administrative functions. The agency now performs the many different functions previously performed by other U.S. agencies. In particular, it is responsible for hazard insurance, aid to disaster victims, fire-fighting, earthquake recovery efforts, the coordination of dam safety operations, the eradication of the effects of terrorist acts, and civil defense preparations (the evacuation of the population in the event of nuclear war; other matters of civil defense are still the responsibility of the U.S. Department of Defense and the President's Defense Civil Preparedness Agency). The centralization of this activity not only created the necessary conditions for its improvement but was also supposed to reduce costs. The financing of all these measures is also being centralized: At the beginning of the 1950's the

federal government covered only 1 percent of the cost of disaster recovery efforts, but in the middle of the 1970's it covered 70 percent of these costs.<sup>3</sup>

The performance of FEMA functions necessitates the constant collection, processing, and analysis of information, which is then used as a basis for measures to reduce the risk of emergencies and alleviate their effects on the population and the economy. The necessary information comes from various sources: for example, from the Consumer Product Safety Commission, which inspects more than 2.5 million firms and over 10,000 products and annually analyzes the causes of around 30,000 consumer deaths and 20 million cases of poisoning; from the Environmental Protection Agency, which has inspected more than 70,000 chemical products on the market and annually inspects another thousand new products.<sup>4</sup>

The system of comprehensive emergency management in the United States is based on two main principles.

Above all, and this is evident from the very name of the system, it is COMPREHENSIVE. This presupposes, on the one hand, that the management system must be equally effective in natural disasters and in accidents caused by human beings. Besides this, the emergency situation arising in the event of nuclear war is another object of management in this system. On the other hand, comprehensive management presupposes the coverage of all stages of emergencies: from the discovery of their probable causes and ways of preventing them to the eradication of their effects.

The second principle is the acknowledgement that THERE IS NO SUCH THING AS A COMPLETELY RISK-FREE SITUATION. Aside from natural disasters, even the most advanced technical system cannot be failsafe. The accidents with the McDonnell-Douglas company's DC-10 planes due to engine defects illustrate the danger of presuming the absence of risk. According to the company, the chances of an accident are less than one in a billion. Within just a few years, however, there were four such breakdowns (273 people died in the accident in the Chicago airport on 25 May 1979).<sup>5</sup>

#### Special-Program Management

To put these fundamental principles in practice in public administration, FEMA makes active use of the SPECIAL-PROGRAM APPROACH. The agency's four main programs are flood management, dam safety, earthquake preparation, and emergency evacuation programs. In fiscal year 1983 FEMA spent 65.3 million dollars on these programs and had a staff of 233 people working on them (this is only a fraction of the total cost of implementing the programs on the local level).

The FIRST PROGRAM--flood management--absorbs most of FEMA's resources (53 million dollars in FY 1983). The federal government's role as overseer in the management of the flood zones, where 17,000 communities are located, is strictly regulated.<sup>6</sup>



FEMA is directly responsible for the elaboration and implementation of these regulations, including the contracting and funding of the compilation of flood zone maps; aid to flooded communities; life and property insurance for the inhabitants of these communities within the framework of the flood insurance program, etc. Since the beginning of the 1980's FEMA has worked more closely with state and local governments after floods so that mistakes and positive experience can be taken into account in the elaboration of more effective disaster recovery programs.

As far as the SECOND PROGRAM is concerned, which covers primarily the safety of small dams (around 65,000) of non-federal jurisdiction, FEMA evaluates state programs to ensure their safety, gives local governments technical assistance, etc.

As part of the THIRD PROGRAM--earthquake preparations--a plan of measures to reduce the danger of earthquakes was drawn up, envisaging the close interaction of local, state, and federal government agencies.

Until the middle of the 1980's the FOURTH PROGRAM, connected with emergency evacuation plans, was confined to matters of civil defense and presupposed the organized movement of people out of the largest U.S. cities and other high-risk areas prior to a nuclear strike. It has not existed as an independent program since FY 1984, but has been part of the FEMA program, which covers evacuation plans for a state of war and for any other kind of emergency.

The implementation of evacuation programs necessitates psychological studies of human behavior in situations of this kind, especially technological accidents. In particular, there is not always a direct connection between the fear of accidents and the degree of risk determined by experts. Cases of "overreaction" are possible. In the opinion of some American experts, all of the plans drawn up to date for measures to be taken in the event of nuclear power plant accidents do not take the peculiarities of human behavior into account sufficiently. They feel that the fear of such accidents is increasing. Whereas in 1979 only 15 percent of the population in the region of the Three Mile Island nuclear power plant, located near Harrisburg (Pennsylvania), believed that major accidents occur once every 10 years, the figure had risen to 25 percent 3 years after the accident. The opinion regarding the heightened probability of accidents is reinforced by a lack of faith in the government agencies responsible for the regulation of nuclear power plant operation and in the ability of their personnel to keep a dangerous situation under control.

There has been a perceptible and justifiable increase in public anxiety over accidents connected with the transport of toxic substances. Between 1976 and 1982 the proportion accounted for by these accidents in all railroad disasters rose from 8 to 11 percent. This could cause tremendous damages because more than a third of all commercial trains carry hazardous freight. During the same period the proportion accounted for by accidents of this kind in motor transport did not change, representing 5-6 percent of the total number of accidents. Accidents during the transport of hazardous freight in 1976

caused damages averaging (per accident) 19,000 dollars, but in the beginning of the 1980's the figure was almost 30,000 dollars, whereas the indicators for the transport of non-hazardous freight were 11,000 and 14,000 dollars respectively.<sup>7</sup>

There is something distinctive about the way in which the majority of the population perceives the risk connected with the functioning of complex technical systems--for example, chemical enterprises, nuclear power plants, etc. Public opinion polls conducted by the Roper firm in the United States in 1985 and 1986 indicated that people perceive accidents at enterprises or nuclear power plants as a much greater danger than all so-called personal risks combined (drugs, alcohol, tobacco, etc.).<sup>8</sup> We know, for instance, that one-fourth of all deaths in the United States are cancer-related and that the industrial pollution of the environment is the cause of a much lower percentage than smoking. Nevertheless, the population has a much more acute reaction to industrial carcinogens than to tobacco smoke. It is obviously wrong to ignore this reaction and to "suppress" it with scientific arguments alone (relative risks). The sense of security must be based on the firm understanding that the risk of emergencies exists, but that mechanisms to minimize this risk and to quickly and effectively eradicate the effects of a crisis also exist. Publicity has an important role to play in this process: The local population must be given complete information about preventive measures, personal safety, etc.

The goal-oriented coordination of the main programs on the horizontal (between programs) and on the vertical (between stages of their implementation) levels is secured by the performance of a number of interrelated functions. They can be regarded as four phases of a single administrative process.

PHASE ONE: The reduction of the risk and the after-effects of emergencies. This consists in defining probable sources and zones of risk and planning measures to compensate for possible losses. The compilation and use of building codes, insurance, zoning, and the analysis of possible risk situations are examples of this kind of activity. The compilation of various forecasts and models is an important part of this. In particular, when earthquake preparedness programs were being drawn up, American experts using the "cost-effectiveness" model calculated that the cost of building quake-proof structures, reinforcing unsound structures and so forth in California would total 6 billion dollars, but this would reduce possible losses by 38 billion dollars--in other words, each dollar spent would save 6 dollars.

Modern computers are widely used in the United States for the collection, processing, and analysis of the information needed for forecasts and calculation models.

PHASE TWO: Planning for emergencies and ensuring preparedness, including planning for the appropriate actions--the conclusion of the necessary agreements between various agencies and departments, the establishment of an early warning system, and the compilation of operational plans and instructions. The construction of earthquake-proof buildings is an example of the activity performed during this phase of emergency management.

Personnel training is a matter of great importance. It is obvious that no single field of knowledge can provide emergency management specialists with all-round training--this calls for an interdisciplinary approach. The government official in charge of crisis management is expected to have a clear understanding of the general principles governing the work of the entire system and the duties and abilities of various specialists and to secure the coordination of their efforts and the mutual understanding of specialists in various fields.

The FEMA emergency management personnel training center (in Emmitsburg, Maryland) conducts theoretical and practical training sessions in emergency management for local and state government employees and training in fire prevention, firefighting, and the analysis of the causes of fires and organizes conferences for top-level officials in state and local government and for the top-level executives of corporations, establishments, etc. In all, the center offers courses in 78 subjects.

PHASE THREE: Response to emergencies--first aid, evacuation, actions to prevent secondary damages (for example, from fires and cave-ins following an earthquake) and so forth. Emergency medical care is a matter of special concern. In 1984 the federal government adopted a new national emergency medical treatment program. It was drawn up with the aid of the U.S. Department of Defense, Department of Health, and FEMA. The purpose of the program is the coordination of the efforts of federal and state agencies and also of the private sector and volunteer organizations.

PHASE FOUR: The eradication of after-effects, the organization of recovery and repair work for at least the minimal restoration of vital services (clearing away rubble, building temporary housing and supply lines, etc.). These and other operations are conducted until the object has resumed normal operation or has been completely isolated from its surroundings (for example, when a faulty nuclear reactor is buried).

#### The Subfederal Level

The basic principles and methods of emergency management planning examined above still do not answer the question about the role of FEMA and of subfederal administrative bodies--state, county, and municipal governments--in the resolution of several specific problems. The issue of financing warrants special consideration because financial leverage is FEMA's main instrument of control (which is characteristic of public administration in the United States in general).

Measures to combat natural hazards and to correct the damage caused by accidents are financed by FEMA only if the federal government recognizes the particular emergency as a national problem or disaster and the President of the United States issues a special directive to this effect. Otherwise, state and local governments must solve problems themselves. In the last 10 years around 60 percent of the states' requests for a presidential declaration of a national emergency were upheld, and another 40 percent were denied.<sup>9</sup> Besides this, FEMA does not offer financial compensation for material damages

resulting from the negligence of local and state governments. FEMA funds cover only restoration expenditures, excluding the cost of improving or modernizing the damaged object.

State governments are responsible for advance planning and for the direct supervision of emergency management. Besides this, they coordinate the actions of local government agencies, process data, and transmit it to FEMA. These functions are performed primarily through the establishment of crisis management centers on the local level, which coordinate the activities of government agencies and volunteer (public) organizations in the most serious emergencies.

Several states have special emergency assistance boards or disaster relief departments. If the situation is so serious that it cannot be corrected on the local or state levels, the governor of the state requests the President to declare a state of emergency. After this, a federal coordinator is appointed and an operational headquarters is set up in the emergency zone. An agreement on assistance is signed by FEMA and the state government and specifies all of the measures that will be taken to aid in recovery from the crisis and the terms of this aid.

When local situations are not categorized by the federal government as national problems (and this is quite often the case), state leaders organize the work themselves. Interstate agreements on assistance in the event of natural disasters have become common and represent an important form of mutual assistance.

#### Difficulties and Contradictions

As American experts admit, people in the United States just recently began to realize that emergency management requires the thorough knowledge and study of the system of public administration in which this activity is performed.

Several difficulties in the institution of comprehensive emergency management are connected with errors which were committed when FEMA was created. Above all, the functions of emergency management are not fully centralized under FEMA control, although this was one of the reasons for its establishment. Some important functions are still left to the discretion of their earlier "masters": For example, problems in combating drought, floods, and landslides are a matter for the Department of Agriculture and are also the responsibility of the Federal Highway Administration and the Small Business Administration. Another important consideration is that the system was introduced only a few years ago and is still largely experimental in nature. Strictly speaking, the system is now in its formative stage (although some elements of it have been operating for a long time, such as the earthquake and flood programs). Some difficulties are also connected with the fact that laws and federal programs adopted prior to the establishment of FEMA are still in force in the United States, and this makes coordination an extremely difficult matter.

Some difficulties and contradictions in the establishment of the system were due to contradictions in the centralization and decentralization of management,



and this complicates the determination of degrees of responsibility, the delegation of authority and, consequently, the distribution of financial and other resources.

This is most evident in the planning and financing of emergency management undertakings. For example, the emergency management services in states depend to a considerable extent on FEMA allocations; according to some estimates, two-thirds of their operating costs are covered by the federal budget. Besides this, the ability of states to determine the structure of expenditures is limited. The highly centralized distribution of funds stifles the initiative of local agencies. Excessive dependence on the federal budget also means that state and local governments are dependent on priorities set from above (by FEMA).

Because of their strong dependence on FEMA, state and local authorities often take an openly bureaucratic stance in these matters. Although 83 percent of the cities and 93 percent of the counties in the United States have emergency management plans, only 42 percent and 28 percent respectively conduct annual inspections of their implementation and adjustment.<sup>11</sup> Less than a third of the municipal governments in the United States conduct government programs of personnel training in this area.

In the American system of comprehensive emergency management there has been a gradual shift in emphasis from natural hazards (which still account for most federal expenditures) to the management of risks connected with human activity (the operation of complex technical systems, etc.).

To some extent, this is part of the objective process of the increasing danger of technological disasters. Something else, however, must also be taken into consideration. This change in emphasis in emergency management is due largely to the policy of the Reagan Administration, which has put more emphasis on the crisis evacuation program, and this is largely a matter of civil defense measures. It appears that the current administration is making use of the experience (around 30 or 40 years of it) of management in cases of natural disasters to step up the establishment of a civil defense system that could, in its view, guarantee the necessary level of security in the event of a nuclear conflict.

The militarist features of the emergency management system became particularly distinct in the last 2 or 3 years. In 1985 the congressional committees on the armed services staged a show of concern about the tendency of state governments to sacrifice nuclear war preparedness to the struggle against floods and hurricanes. This provided the momentum for a congressional request for a FEMA report on the status of the evacuation program, primarily envisaging evacuation in the event of a nuclear war. The report submitted to Congress in the middle of 1986 asserts that the United States does not have enough bomb shelters for this purpose. The authors of the report were not bothered by the well-known impossibility of surviving this kind of war. They insist on the need for immediate measures on the local level to save state leaders, so that officials can "restore national government" immediately after the war. The report also contains an appeal to convince Americans of the "vital need for individual and group preparations to save themselves" in a nuclear war.

The position taken by Congress and the administration of the United States conflicts with the interests of the people in all countries who want to eliminate the threat of thermonuclear war and concentrate on peaceful constructive activity, especially the eradication of the effects of disasters caused by human production activity and by natural forces.

In his speech on Soviet television, M.S. Gorbachev said: "We believe that the accident in Chernobyl, just as the accidents in the American, English, and other nuclear plants, raises extremely serious questions for all states, and these questions demand a responsible approach."<sup>12</sup> This was precisely the kind of approach that was displayed by the IAEA secretariat and experts from member countries during the special session of the General Conference in September 1986. Two documents of major importance were unanimously approved: a convention on the effective reporting of a nuclear accident and the convention on assistance in the event of a nuclear accident or radiation accident. These laid the basis for emergency management after an accident in a nuclear power plant. The proposals the USSR submitted for the program for an international regulatory framework for the safe development of nuclear power engineering were upheld in these conventions. This framework, the program says, would be a valuable contribution to the cause of universal security, necessary for the continued development of human civilization.

Coordinated efforts of this kind would be of great value to all humanity in the prevention and management of other disasters--both natural and those caused by human activity.

#### FOOTNOTES

1. "13th Annual Report on Environmental Quality," Wash., 1983, p 284; S. Cohen and T. Ingersoll, "Superfund and Administrative Discretion," N.Y., 1983, p 7.
2. Calculated according to data in: PUBLIC ADMINISTRATION REVIEW, special issue, January 1985, pp 3-4.
3. A. Sorokin, "Economic Aspects of Natural Hazards," Lexington (Mass.), 1982, p 146.
4. PUBLIC ADMINISTRATION REVIEW, Special Issue, p 9.
5. C. Perrow, "Normal Accidents. Living with High-Risk Technologies," N.Y., 1984, p 137.
6. PUBLIC ADMINISTRATION REVIEW, Special Issue, pp 41-42.
7. Ibid., p 15.
8. RESEARCH MANAGEMENT, July-August 1986, p 14.
9. PUBLIC ADMINISTRATION REVIEW, Special Issue, p 101.

10. On the average, FEMA victim compensation expenditures exceed a billion dollars a year. Private insurance companies cover another 2 billion (EMERGENCY PREPAREDNESS NEWS, January 1984, p 10).
11. G. Hoetmer, "Emergency Management: Individual and County Data. Baseline Data Report," Wash., April 1983, pp 6-7.
12. PRAVDA, 15 May 1986.

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## REVIEW OF U.S. BOOK ON SALT II

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 87  
(signed to press 15 May 87) pp 112-114

[Review by N.I. Bubnova of book "Countdown on SALT-II. The Case for Preserving SALT-II Limits on U.S. and Soviet Strategic Forces," Washington, Arms Control Association, 1985, 68 pages]

[Text] This study was published just before President Reagan made the decision in May 1986 to stop observing the provisions of the SALT-II Treaty. The work is still relevant, however, precisely because the U.S. administration is still taking steps to violate the treaty and because there are still strong feelings in the United States and in Europe on the part of the general public and of members of the political and scientific communities in favor of keeping this major strategic offensive arms limitation agreement in force.

The authors believe that the importance of the SALT-II treaty has increased instead of decreasing in recent years. They use statistics, graphs, and tables to prove conclusively that it has effectively limited the size of nuclear arsenals and that the number of strategic arms could be much higher if this treaty had not existed.

The authors cite interesting remarks by prominent American and West European politicians and military leaders in favor of the SALT accords. For example, during congressional hearings Senator J. Chafee said that "the U.S. decision to stop observing SALT II will not give us any advantages as far as the modernization of our strategic forces is concerned" (p 12). This is also the opinion of General D. Jones, former chairman of the Joint Chiefs of Staff (p 27). Carter's National Security Adviser Z. Brzezinski said that "SALT can secure the necessary stability for advances in political relations between the two countries" (p 16). And here is the opinion of former Chancellor of the FRG H. Schmidt: "SALT II, obviously, is not merely an internal American matter. This treaty is part of world history. Besides this, it is an element of international security and the security of my own country.... The Federal Republic of Germany supports the SALT II treaty" (p 18).

The authors of the study write that the opponents of the normalization of relations with the Soviet Union are striving to discredit the actual achievements and future prospects of arms limitation and reduction, to question the



authenticity of the Soviet State's peaceful intentions and its reliability as a negotiating partner, to justify the massive buildup of American strategic potential, and to pave the way for the disruption of the strategic arms limitation process.

At the time of the Nixon, Ford, and Carter administrations, the book says, Washington officially refrained from accusing the Soviet Union of violating the SALT accords. The Reagan Administration, on the other hand, instigated a campaign in connection with the Soviet side's supposed violations of treaty obligations. Instead of settling bilateral disagreements within the framework of the Standing Consultative Commission envisaged in the accords, Washington has chosen to make widely publicized attacks on the Soviet Union, the authors write.

"The current debates over the Soviet Union's observance of the SALT II treaty," the study says (these debates are still going on today), "largely ignore the degree to which the USSR adhered to arms control agreements and the advantages this provided as far as U.S. security was concerned. Recent government reports have not mentioned many of the actions the Soviet Union has taken since 1972 in the fulfillment of SALT provisions" (p 21).

The authors believe that misunderstandings and differences of opinion are inevitable in connection with agreements on a matter as complex and dynamic as strategic arms limitation. "The SALT II treaty is an extremely complex document which was intended to limit the group of existing and soon to be completed offensive systems," the book says. "To this end, the agreement had to be detailed enough to set understandable guidelines, but it also had to be quite general" (p 21). The authors have no doubt that disagreements must be thoroughly discussed and resolved on a bilateral basis. They feel it is important, however, that this discussion be conducted in an atmosphere of goodwill and interest in arms limitation and reduction. The investigation of specific cases should aid in preserving the integrity of the accords, in strengthening their status, and eventually in continuing the SALT process, they write.

Even though the American side declined to institute the formal ratification procedure, the study says, it could continue to observe the treaty provisions. Instead, the administration is planning to break the treaty on the pretext of "proportional responses" to Soviet "violations," to the point of the open renunciation of the negotiated documents.

In this way, the authors of the book present a completely realistic assessment of the significance of the SALT II treaty and of the negative implications of its violation by the American side. Nevertheless, although the authors criticize the White House for stirring up anti-Soviet hysteria over the Soviet side's "violations" of strategic arms limitation agreements, they do not completely deny this allegation. This internal contradiction weakens their criticism of the Reagan Administration for undermining the SALT II treaty.

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## REVIEW OF BOOK ON DEVELOPMENT OF CURRENCY RELATIONS

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 87  
(signed to press 15 May 87) pp 116-117

[Review by S.I. Ivanov and Yu.V. Pashkus (Leningrad) of book "Valyutnyye otnosheniya kapitalizma: ekonomika i politika" [Capitalist Currency Relations: Economics and Politics] by I.S. Korolev, edited by M.M. Maksimova, Moscow, Nauka, 1986, 231 pages]

[Text] The reader of this monograph will learn about a number of little-researched aspects of currency relations in the capitalist world. It contains new analytical approaches to theoretical problems in the world capitalist economy, based on an in-depth analysis of statistics and the discerning use of bourgeois monographs and studies published by governmental and international monetary agencies.

The author's chief aim was a detailed analysis of "trends in the development of currency relations in the 1970's and 1980's within the system of direct and reciprocal transactions with other partners in international economic relations and the main trends in capitalist production" (p 4). For this reason, the monograph will be of interest to researchers of the interaction of currency relations with the development of world trade, international loan capital markets and international credit, the activities of transnational corporations, and inflationary processes.

The study of currency relations must include a discussion of the nature of contemporary world currencies. In our opinion, the author quite justifiably defends the view that gold neither directly nor indirectly represents money at this time. This conclusion is of fundamental theoretical significance and is corroborated by the functioning of the world capitalist economy. In addition, it provides the key to a scientific and consistent understanding and explanation of the nature and dynamics of currency relations, and even to the forecasting of these relations in some cases.

Although we essentially agree with the author's view of contemporary world money, we must express our own point of view on this controversial matter. I.S. Korolev believes that "contemporary paper-credit transactions have caused money to lose its fundamental significance as a universal equivalent" and that "the absence of this kind of equivalent does not cancel the effects of the law of value in international transactions" (p 19).

The universal equivalent is a dialectical term which has undergone significant changes in its development. In the age of the gold standard the universal equivalent had physical and social aspects. The demonetization of gold caused the equivalent to lose only its physical aspect. Its social aspect still exists, because money is still the universal and sole reflection of the value of goods--that is, the amount of social labor used in their production.

The debatable interpretation of the universal equivalent did not keep the author from presenting a thorough analysis of the workings of the law of value in the currency sphere. In the world capitalist economy the specific ways in which this law works are connected to some extent with currency relations. The author examines the inner, contradictory relationships between these specific ways.

An analysis of the dynamics and structure of international payments indicates that the tendency toward the diversification of the currency structure of reserves and payments has not eliminated the main contradiction in the contemporary capitalist currency system, because the U.S. national currency is still the main means of payment and means of accumulating reserves. At the same time, the increasing importance of the West German mark, the yen, and some other currencies as world media of exchange has heightened the instability of currency relations.

I.S. Korolev elaborates theoretical substantiation for the concept of the world credit crisis. In his opinion, the crisis is reflected "in the relative shortage of financial capital, the universal efforts to accumulate media of exchange, the rising interest rates, and the deterioration of the financial status of all categories of debtors" (p 112) and encompasses foreign and domestic transactions within the capitalist economy. The author shows that although the developing countries represented the epicenter of the crisis, its main causes and sources can be found in the economies and economic policies of the developed capitalist countries, especially the United States.

The comprehensive analysis of the currency factor of the financial strategy of transnational corporations, with American TNC's playing the leading role, contains much that is new.

We feel that the author is correct in distinguishing between three fields of analysis in the study of the international aspects of inflation: the substantiation of the idea that the development of inflationary processes in the capitalist economy at the end of the 1960's was one of the direct causes of the currency crisis of the 1970's (p 104); the quantitative assessment of "imported inflation," reflected in changes in the correlation of export and import prices and the "conditions of trade" (p 108); and, finally, an analysis of the effects of the excessively high exchange rate of the U.S. dollar on world price dynamics in the 1980's.

The discussion of inter-imperialist rivalry in the currency sphere will be of indisputable interest to specialists and to a broad range of readers. Although the United States is now in a much worse position in world production

and world trade, American imperialism has been able to retain the dollar's privileged position in the international currency system. The currency strategy of the United States has undergone changes in the postwar period, but it has always been based on the special status of the dollar. The author's analysis of this strategy and of the causes and consequences of changes in it proves that "as long as the privileged status of the dollar is the main tool of U.S. currency policy, American diktat is inevitable in currency relations" (p 148).

The final chapter of the monograph is a "look into the future" of capitalist currency relations. The author is probably correct in saying that the international system is unlikely to undergo any serious changes in the near future, at least the next 5 or 10 years. In the more distant future, however, the objective conditions for a departure from Americanocentrism could take shape in currency relations.

Another controversial matter is the definition of the currency exchange rate. The author defines it as the price of one currency in the monetary units of other countries (p 22). In our opinion, currency is money and therefore cannot have a price. The currency exchange rate should be defined as the exchange value of the monetary unit of one country measured in the monetary units of other countries.

In general, the author has raised and successfully answered some important and relevant questions connected with the Marxist-Leninist theory of the world capitalist economy.

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## BIOGRAPHIC SKETCH OF NEW CIA DIRECTOR

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 87  
(signed to press 15 May 87) p 118

[Article by I.B.: "William Webster, the New Director of the CIA"]

[Text] The man the White House has appointed the new director of the CIA, William Webster, headed another branch of the American intelligence community, the FBI, for the last 9 years.

Webster was born into the wealthy family of a businessman in Missouri in 1924. He studied law, doing his post-graduate work in prestigious higher academic institutions, and defended a doctoral dissertation. At the end of the 1940's he began working in the oldest law firm in his native city of St. Louis, the largest firm in the state. He joined several prestigious clubs, entered politics, and was elected chairman of the Republican Party committee of his state. In the middle of the 1950's he became involved in the Big Brothers of America, a religious social organization performing charitable works and maintaining contacts with businessmen and politicians throughout the country; he became the director of the organization in 1966. In the 1960's Webster formed close personal ties with the political elite of both parties. From 1961 to 1971 he was the federal prosecutor in the eastern district court of the state of Missouri, then he was the chief federal justice of the same district and, finally, he was a member of the federal court of appeals. Besides this, Webster is a member of influential social and governmental organizations. He has counseled several leading universities on matters of law, including the law school of George Washington University in the capital (where he headed the board of trustees for many years and initiated the scientific-organizational modernization of this academic institution).

In 1978 President Jimmy Carter appointed him director of the FBI on the recommendation of several respected American jurists. Webster began his work in this office with sweeping innovations and a program of personnel and technical reorganization. The agency budget approximately doubled (with a view to inflation) and totaled 1.2 billion dollars in 1987. The FBI is constantly growing, and priority is being assigned to the quality of personnel training. Many employees have degrees in law, economics, and psychology. The number of special agents is higher than ever before--around 9,100 (7,800 in 1980). The American press has reported that the number of listening

devices for which the FBI received authorization from 1981 to 1984 was more than double the figure from 1977 to 1980. The FBI conducted around 100 secret operations in 1986, twice as many as in the previous decade. Furthermore, these operations are much more complex and their cost has increased tenfold since 1978.

Webster began his first press conference as director of the CIA with the statement that he planned to continue the efforts to activate this agency with the methods tested in the FBI. Computerization, the retraining of personnel to raise their professional level, and the constant augmentation of the agency budget are, in his words, the key to the "smooth" functioning of the CIA staff.

Webster's nomination was supported by influential leaders of both parties. In contrast to his predecessor (W. Casey), W. Webster has a good relationship with the Congress, which is particularly important to the administration now that the Democrats hold the majority in both houses. The Democratic leaders in the Congress who have criticized the Reagan Administration for its flagrant blunders announced their "loyalty" to the new director of the CIA, whom they expect to restore "professionalism and order" to the agency. Webster is also known to have established a close working relationship with White House Chief of Staff H. Baker and National Security Adviser F. Carlucci, who are now extremely influential men in Washington.

Webster's appointment, in the opinion of the American press, should strengthen the severely weakened position of the Reagan Administration and patch up the facade of the Republican White House.

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## REPORT ON CONFERENCE OF AMERICAN STUDIES EXPERTS

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[Report by A.I. Ilyumov and O.A. Dolotiy on first conference of young researchers of American affairs in Institute of U.S. and Canadian Studies, USSR Academy of Sciences]

[Text] The decade of the 1980's will occupy a special place in the contemporary history of American capitalism. Whereas the previous decade was marked by mounting negative tendencies in the sphere of reproduction and the increasing severity of the crisis of state-monopolist structures, the present period is distinguished primarily by the active attempts of the U.S. ruling class to bring the American economy out of its state of crisis and enhance its viability and its role in world affairs. In its efforts to surmount unfavorable developments, the American bourgeoisie is relying, on the one hand, on the use of the achievements of the current stage of scientific and technical progress with its new and more efficient technologies and, on the other, on a sweeping conservative reform of state-monopolist capitalism (SMC) and the more rigid subordination of the existing economic mechanism to the aims of capital accumulation.

Problems in the development of American capitalism in this transitional stage were the subject of the first conference of young researchers of American affairs in the Institute of U.S. and Canadian Studies of the USSR Academy of Sciences (ISKAN). The conference on "The Technological Revolution and the Socioeconomic Development of the United States" was organized by the ISKAN Scientific-Economic Society (NEO) and Council of Young Scientists (SMU) in conjunction with the section for work with young scientists and students of the NEO Moscow Municipal Board. The forum of young experts on American affairs was attended by representatives of ISKAN, the Institute of World Economics and International Relations (IMEMO) of the USSR Academy of Sciences, the Institute of the International Workers Movement (IMRD) of the USSR Academy of Sciences, Moscow State University imeni M.V. Lomonosov, the Moscow State Institute of International Relations (MGIMO) of the USSR Ministry of Foreign Affairs, the Moscow Financial Institute (MFI), the State Committee of the USSR for Science and Technology (GKNT), the USSR Foreign Trade Bank, and some other organizations.

There were three working sections at the conference: on economics and social problems, on foreign economics, and on politics. The conference was called to order by Professor G.Ye. Skorov, deputy director of the Institute of U.S. and Canadian Studies and chairman of the ISKAN NEO.

In his report, V.B. Benevolenskiy (ISKAN) stressed that the U.S. economy began making the transition to a new technological order at the turn of the decade. This process was based on the acceleration of scientific and technical progress, reflected in the rapid development of microelectronic technology and the creation of automated flexible production units with its aid. The widespread introduction of microprocessors and robot engineering is gradually changing the earlier structure of productive forces, is reducing the use of mass flowline technology, and is accelerating the renewal of fixed capital, sectorial restructuring, and the decentralization of production and, in some cases, of capital as well.

The current stage of transition to the new technological order, conference speakers noted, is distinguished by much livelier business activity and the rapidly rising number of small and medium-sized companies, especially venture firms and firms established by inventors of new products and processes. This has been accompanied by significant changes in the managerial structure of large corporations, especially the portion connected directly with the development and incorporation of scientific and technical achievements. In the opinion of M.M. Ivanov (ISKAN) and S.Yu. Karabasova (MGU), the most effective organizational forms for the management of scientific and technical progress in the United States today are those based on the principle of the immediate integration of science and production and are reflected in the creation of research and engineering centers, scientific-industrial parks, and "organizational communities" like Silicon Valley in California or Highway 128 in Massachusetts.

The American economy's transition to the new technological order has been accompanied by the vigorous dismantling of the old sectorial structure. The process of restructuring first took the form of the accelerated development of the group of branches connected with the newest fields of the technological revolution and the declining role of "old" sectors of the economy. In recent years, however, the continuation of the restructuring, S.P. Myasoyedov (MGIMO) and A.V. Drumulen (ISKAN) noted in their reports, depends more and more on the modernization and retooling of traditional branches of industry and services.

The radical changes in the system of U.S. productive forces naturally led to changes in the economic mechanism of American capitalism--in both its private-monopolist and its state-monopolist parts. The connection between the new stage of the technological revolution and the evolution of production relations was the subject of lively debates at the conference. According to some speakers, especially A.A. Kuteynikov (ISKAN) and A.N. Dzarasov (MGU), the reorganization of the U.S. economic mechanism in the direction of deregulation and decentralization is a response to the development of productive forces requiring less regulation of business practices by the state during the stage of the mass introduction of new technologies. On the other hand, A.I. Izyumov (ISKAN), who presented a report on this topic, expressed the



opinion that technological factors are playing only a secondary role in the modification of production relations at this time. In the opinion of this speaker and some others, the present "conservative revolution" in state-monopolist capitalism is primarily a reaction to the negative tendencies of the 15 or 20 years preceding this stage, the years when the government went "too far" in its redistribution and regulation efforts and began violating the fundamental laws of the mechanism of capitalist reproduction (the course of the economic cycle, the processes of pricing, accumulation, and the free movement of capital, etc.), eventually resulting in an impermissible decline in the profit norm. In connection with this, the program of "Reaganomics" could be regarded as a single group of measures to restore the profitability of capitalist production as something essential for long-term economic growth.

Conference speakers discussed the time frame of the conservative restructuring of state-monopolist capitalism in the United States. Most of the people taking part in the discussion agreed that the duration of the "conservative experiment" will depend on a combination of socioeconomic (the restoration of a profit norm acceptable to capital and the mounting resistance of hired labor) and technological (the end of the mass incorporation of micro-processors) factors.

In reports analyzing the social implications of the current stage of the technological revolution, V.I. Shishenko (IMEMO), V.Ye. Khrutskiy (ISKAN), and S.Yu. Kuznetsov (MFI) addressed this thesis and stressed that the development of microprocessor technology and its penetration of various spheres of production and management in the 1980's have intensified the integration of capital and science and subordinated capital to physical and intellectual labor on a broader scale. This, in turn, suggests that the general law of capitalist accumulation will have a stronger impact in the United States under present conditions.

The role and place of the United States in the world economy of the 1980's were discussed on the second day of the conference.

Speakers agreed unanimously that the increasing involvement of the U.S. economy in the system of international economic exchange has introduced qualitatively new features into its development and into the nature of the existing relations of global economic interdependence. The effects of this process have been quite contradictory, and this kept conference speakers from expressing any categorical judgments. During the discussion of the role of foreign capital in the restructuring of the U.S. economy, A.M. Volkov (ISKAN) stressed that the modernization of the economic structure and the technological enhancement of the productive potential of several branches had been impeded by the limits of the national base of funding for such sweeping changes. This strengthened the effect of external factors on U.S. economic development and led to a dramatic increase in incoming foreign capital in the last 5 years. This incoming capital has a heterogeneous structure, and its different components play completely different roles. The prevalence of short-term, highly liquid investments testifies, however, to the fragility of the foundation of the current economic growth.

The U.S. approach to the issue of the intergovernmental regulation of currency and credit relations aroused special interest. A number of controversial but interesting statements made by A.N. Filippov (Foreign Trade Bank) in his report became the basis of subsequent debates. In spite of all the different opinions expressed, speakers agreed that the current administration is practicing forcible pressure in international affairs by adhering to its inflexible approach to major world economic issues and attempting to undermine the intergovernmental coordinating mechanism shaped in the postwar period. In reference to the foreign debts of developing countries, V.A. Grivenko (IMEMO) remarked that the reluctance or unwillingness of imperialist circles, especially the United States, to give any serious consideration to the resolution of this problem could endanger more than the world capitalist credit system. Now that the situation in some debtor countries is stretching the bounds of social tolerance, the problem of the debts is becoming a major factor contributing to political instability in the world.

V.N. Smenkovskiy (ISKAN) described the macroeconomic interdependence of the three imperialist "power centers" in detail, paying special attention to the theoretical aspects of the matter. He concluded that national governments are experiencing more and more difficulty in pursuing an independent economic policy under the conditions of integrated financial markets and the more important role of the international link of the capitalist credit system. This will make the coordination of the means and ends of the macroeconomic policy of leading industrially developed countries essential. At this time, however, the United States is still relatively more independent, and American credit and financial policy is still the decisive element in the shaping of the economic strategy of competing countries.

V.G. Volkov (GKNT) discussed U.S. expansion in the technical expertise and high technology product markets. He noted that the United States is striving to retain the position of scientific and technical leader and to prevent the reduction of the technological gap by its competitors through the vigorous practice of export control, putting much of the world capitalist trade in technically complex products under its own jurisdiction. This is exacerbating the problem of the chronic technical lag in the developing countries.

Prospects for the development of USSR-U.S. economic relations were the subject of a report by V.A. Shveytser (ISKAN). Although the speaker said that U.S. trade policy was undergoing a gradual transformation in the direction of the more flexible concept of "economic diplomacy," he nevertheless stressed that the major restrictions on trade with the USSR are unlikely to be lifted in the foreseeable future. The aggressive doctrines of "economic warfare" and the "strategic embargo" are still part of the rigid foreign economic policy on relations with countries of the socialist community. Addressing this topic, O.V. Yeremeyev (MGU) discussed some specific aspects of Soviet-American economic relations and said that the passage of the new laws in the USSR to regulate foreign economic activity had created quite favorable prospects for the development of new types of cooperation and the intensification of some old types in a number of fields. All participants in the discussion agreed with this statement.

The effects of the technological revolution on the U.S. political system were discussed on the third day of the conference. The main report by V.A. Nikonov (MGU) said that the technological revolution's effects on American party politics had been essentially indirect, reflected in changes in social status and behavior, which had been engendered, in turn, by changes in the sectorial and professional structure of the labor force. The changes in the socioeconomic characteristics of the population in the 1980's as a result of the technological revolution, particularly the dramatically higher percentage of white-collar workers, helped to strengthen the influence of the Republican Party. On the other hand, the politicization of the mass consciousness combined with a rise in the educational and cultural level of the population weakened the political-ideological control of the voting public by the parties. The technological revolution created the technical potential for alternative campaigning institutions (political consulting firms, political action committees, direct mail advertising organizations, etc.), which have usurped many of the traditional functions of party organizations.

Serious differences of opinion were expressed during the discussion of the long-range political implications of the computerization of American society. In the opinion of P.V. Gladkov (ISKAN) and some others, the centralization of economic and political decisionmaking and, consequently, the movement of the society toward totalitarianism represent the dominant tendency connected with the mass incorporation of computers. The reports by A.I. Nikitin and A.V. Kortunov (both from ISKAN) said, on the other hand, that the use of computers and new communication media has seemed to have the opposite effect to date--namely, broader access to information and a tendency toward the decentralization of national politics. In their opinion, these and other factors will promote the relative stabilization of political structures in the United States. The stabilization thesis was supported in the report by O.N. Kalmykova (IMRD) on the evolution of the U.S. proletariat's class consciousness during the new phase of technological revolution. The speaker said that the computerization and decentralization of production are having a negative effect on the class consciousness of workers and employees by separating them geographically and professionally and are diminishing their ability to defend their own rights effectively.

Economists took an active part in the disagreements of the political scientists. O.A. Dolotiy (ISKAN) and A.I. Izyumov joined the discussion and warned that the effects of the technological revolution on contemporary political processes should not be overestimated. However important the computer revolution and the changes in the professional and sectorial structure of employment might be, the most important factor of social evolution in the United States, in their opinion, is the policy of class revenge the American bourgeoisie has pursued in response to the loss of some of its influence in the 1960's and 1970's. Citing examples of the success of this policy in various spheres of social life in the United States, speakers suggested that they be interpreted as attempts by the bourgeoisie to strengthen its dominant role in relation to the proletariat on one side and the bureaucracy (state and private-corporative) on the other.

The success of the conference led to a decision to hold a conference at the end of each year for the discussion of the most pressing and difficult

problems in U.S. economic and political development. According to the plans of the organizers, which were approved by all of the people attending the gathering, this conference should become the main forum of young researchers of American affairs working in Moscow (it is possible that young scientists from other cities will be invited in the future), something like the youth section of the existing Scientific Council on the United States, USSR Academy of Sciences. The young scientists who read this magazine can submit their report theses and proposals for the next conference, scheduled for November 1987.<sup>1</sup> The conference agenda is still open.

#### FOOTNOTES

1. The theses should be sent to SMU Chairman A.V. Kortunov or NEO Academic Secretary A.I. Izyumov at the following address: 121814 Moscow, Khlebnyy per., d 2/3, ISKAN.

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BACK COVER NOTICE

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 6, Jun 87 (signed to press 15 May 87) back cover

[Text] Dear readers, in the second half of 1987 our journal will contain articles on the topic "America and the October Revolution" (in connection with the 70th anniversary of Great October), on the development of Soviet-American relations and disarmament issues, on the economic and social aspects of American life today, on culture and sports in the United States, and on the use of the achievements of biotechnology in agriculture.

A digest of a scientific study of American habits and mores will be printed in several issues.

Subscriptions to the journal can begin with any month. Please remember to include the index number--70925.

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